

ANNUAL REPORT
OF THE
Indian Merchants' Chamber

FOR THE YEAR

1935

*Presented to the Annual General Meeting of the
Chamber held on 28th January 1936*

Published by

J. K. Mehta, M.A., Secretary, Indian Merchants' Chamber,
Jehangir Wadia Building, Esplanade Road, Fort, Bombay.

Printed by V. V. Bambardekar, at
The India Printing Works, Bombay, 1.

1936



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LIST OF MEMBERS

OF

THE INDIAN MERCHANTS' CHAMBER.

1936

Honorary Member :
MAHATMA GANDHI.

LIST OF MEMBERS

of

THE INDIAN MERCHANTS' CHAMBER

No.	Representative.	Member.	Address.
1	Mr. Chunilal Devkaran Nanji	Messrs. Chugondas & Co. ..	17, Elphinstone Circle, Fort, Bombay.
2	„ Bhagwandas Munmohund- das	„ Munmohundas Ramji & Co.	Patel House, Churchgate Street, Fort, Bombay.
3	„ Chatrabhuj Morarji ..	„ Morarji Velji & Sons. ..	Kalbadevi Road, Kolbhat Street, Bombay.
4	„ Jamnadas Devidas ..	„ Jethabhai Govindji & Co	Mulji Jetha Market, Sir Vithaldas Galli, Bombay.
5	„ Jethabhai Kalyanji ..	„ Valji Shamji & Co., ..	Mulji Jetha Market, Chowk, Bombay.

6	Mr. Karsandas Thackersey ..	Messrs. Damodar Haridas & Co.	Mulji Jetha Market, Chikhal Galli, Bombay.
7	Devidas Madhowji Thackersey ..	Madhowji Thackersey & Sons. ..	Byranji Mansion Sir P. M. Road, Bombay.
8	Ramdas Madhowji ..	Ramdas Madhowji & Co.	Mulji Jetha Market, New Narayan Chowk, Bombay.
9	Vithaldas Damodar Govindji. ..	Damodar Govindji Sons & Co., ..	Govind Building, Princess St., Bombay.
10	Morarji Hemraj Kanji ..	Hemraj Kanji & Co. ..	Mulji Jetha Market, New Govind Chowk, Bombay.
11	Hiralal Amritlal Shah ..	Mr. Hiralal Amritlal Shah ..	Champsey Bldg., Princess Street, Bombay.
12	Haridas Purshottam Govindji. ..	Messrs. Purshotam Govindji & Co. ..	Mulji Jetha Market, Chowk, Bombay.
13	Chhotalal Kanji ..	Chaturbhuj Jivandas & Co. ..	Kanji Goculdas Bldg., Lohar Chawl, Bombay.
14	Bhugwandas Vussonji ..	Kanji Karsan & Co., ..	56, Pedder Road, Bombay.
15	Mathuradas Dwarkadas	Lalji Naranji & Co., ..	Ewart House, Tamarind Lane, Fort, Bombay.
16	Vaman Shridhar Apte ..	Vaman Shridhar Apte & Co. ..	Mulji Jetha Market, Govind Chowk, Bombay.
17	Hon. Sir Phiroze C. Sethna..	Hon. Sir Phiroze C. Sethna ..	Canada Building, Hornby Road, Fort, Bombay.
18	Mr. Madhowji Damodar Thackersey. ..	Messrs. Thackersey Moolji, & Co	16, Apollo Street, Fort, Bombay.

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER

No.	Representative.	Member.	Address
19	Mr. Chaturbhuj Gordhandas Sunderdas	Messrs. Mooljee Jaitha & Co.	Ewart House, Tamarind Lane, Fort, Bombay.
20	„ Gordhandas Govindji ..	„ Morarji Govindji & Co.,	Mulji Jetha Market, Chikahal Galli, Bombay.
21	„ Mulji Goculdas	„ Dharamsey Rattansey	Laxmidas Khimji Market, Shaikh Memon Street, Bombay.
22	„ Ramdas Ranchordas ..	„ Ranchordas Thakersey .. & Co.	454-458, Kalbadevi Road, Bombay.
23	„ Jamnadas Harakhji San-ghvi.	„ Jamnadas Harakhji & Co.	82, Dady Seth Agiari Lane, Bombay.
24	„ Jethmal Narandas ..	„ Jethmal Narandas & Co.	Mulji Jetha Market, Sancha Galli, Bombay.
25	„ Mathuradas Haribhai ..	„ Mathuradas Haribhai & Co.	Mulji Jetha Market, Dharamraj Galli, Bombay.
26	„ Dwarikadas Meghji ..	„ Haridas Keshavji & Co.	Khan Bldg., Girgaum Road, Bombay.
27	„ Manilal Revashanker ..	„ Revashanker Jagjivan & Co.	Khara Kuva, Shaikh Memon Street, Bombay.
28	Sir Purshotamdas Thakurdas	„ Narandas Rajaram & Co.	Navsari Chambers, Outram Road, Fort, Bombay.

29	Mr. Govindji Ratansi Mulji	Mr. Govindji Ratansi Mulji	Feltham House, Ballard Estate, Fort, Bombay.
30	„ Dhanjibhoy B. Petit	Messrs. Dhanjibhoy B. Petit & Co.	Union Bank Bldg., Apollo St., Fort, Bombay.
31	„ Govindlal Shivilal	„ Raja Bahadur Shivilal Motilal	„ “Shri Sadan” 15, Land's End Road, M. Hill, Bombay.
32	„ S. R. Bomanji	Mr. S. R. Bomanji.	Forbes Street, Fort, Bombay.
33	„ Hansraj Jivandas	Messrs. Khimji Vishram & Co.	Dana Bunder, Broach Street, Bombay.
34	„ Cawasji Pallonji Chowna	„ Drewet Chowna & Co.	49, Yusuf Bldg., Church Gate Street, Fort, Bombay.
35	„ Kaikobad Cowasji Dinshaw.	„ Cowasji Dinshaw & Bros.	121, Meadows Street, Fort, Bombay.
36	„ Mathuradas Vissanji	Mr. Mathuradas Vissanji	9, Wallace Street, Fort, Bombay.
37	„ Govindram Harsomal	Messrs. Tarachand Ghanshamdas	Jhaveri Bazar, Shaikh Memon Street, Bombay.
38	„ Karsandas Mulji Jetha	Mr. Karsandas Mulji Jetha.	Ewart House, Tamarind Lane, Fort, Bombay.
39	„ Velji Lukhamsi Napoo	The Grain Merchants' Association	262, Musjid Bunder Road, Bombay.
40	„ Pestonji Edulji Dhala	The Indian Mercantile Insurance Co. Ltd.	Byramji Mansion, Sir P. M. Road, Fort, Bombay.
41	„ Chaturbhuj Vallabhdas	Messrs. Gordhandas Khetsey	Manordas Street, 40, Holi Chakla, Fort, Bombay.

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER

No.	Representative.	Member.	Address.
42	Mr. N. M. Raijee ..	Messrs. S. B. Billimoria & Co.	113, Esplanade Road, Fort, Bombay.
43	„ R. D. Lam. ..	„ Tata Sons, Ltd....	Bombay House, Bruce St., Fort, Bom.
44	„ Dadabhai J. Registrar ..	The Berar Mfg. Co., Ltd.	Lloyd Building, Ballard Estate, Fort, Bombay.
45	„ Hirjibhai Shapurji Patuck	Messrs. H. S. Patuck & Co. ..	Nagri Building, Custom House Road, Fort, Bombay.
46	Sir Kikabhai Premchand ..	„ Premchand Roychand & Sons. ..	Apollo Street, Fort, Bombay.
47	Dr. M. Vankatrao ..	„ N. Powell & Co., ..	Lamington Road, Bombay.
48	Mr. Nahalchund Laloochund	Mr. Nahalchund Laloochund ..	Tamba Kanta, Pydhonie, Bombay.
49	„ Bharata K. S. Aiyar ..	Messrs. K. S. Aiyar & Co. ..	65, Apollo Street, Fort, Bombay.
50	„ Dulerai Vanechand Desai	„ Hirachand Vanechand Desai & Co., ..	22, Apollo Street, Bombay.
51	Prof. Sohrab R. Davar ..	„ Davar's College of Commerce.	80-82, Esplanade Road, Fort, Bombay.

52	Mr. Phirozeshaw N. Mehta...	Messrs. P. N. Mehta & Co. ..	Cook's Building, Hornby Road, Fort, Bombay.
53	„ Nandlal Kilachand ..	„ Kilachand Devchand & Co. Ltd. ..	Allahabad Bank Building, Apollo Street, Fort, Bombay.
54	Sir Sorabji N. Pochkhanavala	The Central Bank of India, Ltd.	Esplanade Road, Fort, Bombay.
55	Mr. Mohanlal Ambalal Parikh	The Bombay Shroff Association	Shroff Bazar, Shaikh Memon Street, Bombay.
56	„ Mathuradas Govindji ..	Messrs. Gokalbhai Dolatram & Co. ..	170-72 Kalbadevi Road, Bombay.
57	„ Liladhar Javerchand ..	„ Mulchand Vussanji & Co.	90, Bazar Gate Street, Fort, Bombay.
58	„ Dwarkadas Tribhovandas	Mr. Dwarkadas Tribhovandas.	Shingani Building, Marwari Bazar, Bombay.
59	„ R. D. Patel. ..	Messrs. Patel Bros. ..	Patel House, Churchgate St., Fort, Bombay.
60	„ Hormasji D. Jassoobhoy	„ Chandabhoy & Jassoobhoy.	43, Apollo Street, Fort, Bombay.
61	„ Fakirmahomed C. L. Sajun. ..	„ C. L. Sajun & Co. ..	Carnac Bunder, Bombay.
62	„ Rowjee Ghellabhoy ..	„ Hirji Ghellabhoy & Co.	Bhat Bazar, Mandvi, Bombay.
63	„ Vithaldas Liladhar Bhimji	Mr. Vithaldas Liladhar Bhimji	Princess Street, Bombay.
64	„ M. V. Subiah ..	The Commission and General Agency. ..	Ali Building, Nagarthpet, Bangalore City.

No.	Representative.	Members.	Address.
65	Mr. Dwarkadas Kalyandas ..	Mr. Dwarkadas Kalyandas ..	Ridge Road, Malabar Hill, Bombay.
66	„ Lakhmidas Rowji Tairsee	Messrs. Lakhmidas & Co. ..	29-31-33, Bora Bazar Street, Holi Chakla, Bombay.
67	„ Kirtilal Manilal ..	„ Surajmal Lalubhai & Co.	Kalbadevi Road, Bombay.
68	„ Maneklal A. Mehta ..	Messrs. Nagindas & Maneklal	Ravelin Street, Hornby Road, Fort, Bombay.
69	„ Sankalchand G. Shah. ≡	The Bombay Yarn, Copper and Brass Native Merchants' Association.	Tamba Kanta, Pydhonie, Bombay:
70	„ Dalpatram B. Trivedi ..	Messrs. Trivedi & Co., ..	Navsari Chamber, Outram Road, Fort, Bombay.
71	„ M. D. Gandhi. ..	The Punjab National Bank, Ltd	Amir Building, Elphinstone Circle, Bombay.
72	„ Ramchandra M. Bhat. ..	Mr. Ramchandira M. Bhat. ..	36-37, Sandhurst Road, Girgaum, Bombay.
73	„ Jamnadas Dayalji Mehta	Messrs. Pitamber & Co. ..	Sudama House, Wittet Road, Ballard Estate, Fort, Bombay.
74	„ Bhailal Dajibhai Amin ..	The Alembic Chemical Works Co. Ltd.,	Baroda Camp.

75	Mr. A. D. Shroff ..	Messrs. Batlivala & Karani ..	Dalal Street, Fort, Bombay.
76	Maneklal Manilal Ranchorhoddas Pari. ..	Mr. Maneklal Manilal Ranchorhoddas Pari. ..	Manek Chawk, Ahmedabad.
77	Phiroze J. Bilimoria ..	The Indian Cement Co., Ltd. ..	Bombay House, Bruce Street, Fort, Bombay.
78	M. A. J. Noble ..	Mr. M. A. J. Noble. ..	Graham Bldg., Parsi Bazar St., Fort, Bombay.
79	Jayvant Shantaram Divadkar. ..	Messrs. Narayan Dhondoba & Co. ..	Lloyd Building, Ballard Estate, Fort, Bombay.
80	Shoorji Vallabhdas ..	Shoorji Vallabhdas & Co. ..	Cutch Castle, Sandhurst Road, Bombay.
81	Narsidas Jekisandas Gangadas ..	Mr. Narsidas Jekisandas Gangadas ..	Shahibag, Ahmedabad.
82	Jiwandas Doongursee ..	Messrs. Doongursee & Sons. ..	59, Forbes Street, Bombay.
83	Rammivas Ramnarain ..	Harnundrai Ramnarain ..	C/o Phoenix Mill, Ltd., 143, Esplanade Road, Bombay.
84	Hormasji Bapuji Gazdar ..	Mr. Hormasji Bapuji Gazdar ..	Beach House, Neapen Sea Road, Malabar Hill, Bombay.
85	T. M. Rangachari ..	T. M. Rangachari ..	Poonamallee High Road, Vepery, Madras.
86	Walchand Hirachand ..	Walchand Hirachand ..	Phoenix Building, Ballard Estate, Bombay.
87	Ambalal Sarabhai ..	Ambalal Sarabhai ..	"Retreat," Shahibag, Ahmedabad.

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No.	Representative.	Member.	Address.
88	Mr. Mansukhlal Atmaram . . Master	Mr. Mansukhlal Atmaram Master	Sudama House, Wittet Road, Ballard Estate, Bombay.
89	„ Damodar Govindji Ma- dhowji.	Messrs. Govindji Madhowji & Co.	16, Apollo Street, Bombay.
90	„ Bhagvandas Gordhandas	Mr. Bhagvandas Gordhandas	9, Wallace Street, Fort, Bombay.
91	„ Mathuradas Canji Matani	Messrs. Kanji Dwarkadaswala	53, Mint Road, Fort, Bombay.
92	„ Madhavlal Makanji . .	„ Madhavlal & Co., Ltd.	Alice Building, Hornby Road, Bombay.
93	„ Nemchand Popatlal Vohora	„ C. K. Vohora & Co., ..	Saker Bazar Cross Lane, Railway Pura Post, Ahmedabad.
94	„ Nandlal Madhavdas . .	„ Amersey Damodar ..	106, Bhuleswar Road, Bombay.
95	„ Kekhushru Manekji Cooper.	„ K. & J. Cooper ..	Soonama House, Cumballa Hill, Bombay.
96	„ Narandas Keshoordas . .	„ Lalji Godhoo & Co., ..	Samuel Street, Vadgadi, Bombay.
97	„ Manilal Balabhai.. . .	„ Manilal Balabhai & Co.,	36, Human Street, Fort, Bombay.

98	Hon. Mr. Shantidas Askuran.	Hon. Mr. Shantidas Askuran..	"Shanti Nivas," Nepean Sea Road, Bombay.
99	Mr. Vyas Laxmishanker Narbadashanker	Mr. Vyas Laxmishanker Narbadashanker	Engineer, The Vasant Spg. & Wg. Mill, Broach.
100	„ Ishwardas Lukhmidas ..	„ Ishwardas Lukhmidas ..	„ Garden View " Hughes Road, Bombay.
101	„ Ishwarlal Ganpatram ..	„ Ishwarlal Ganpatram Gajjar	Parekh Building, New Queen's Road, Bombay.
102	„ Vassanji Naranji Bhimji	„ Vassanji Naranji Bhimji ..	Vadgadi ,Mandvi, Bombay.
103	„ Rahimtulla M. Chinoy ..	Messrs. F. M. Chinoy & Co., ..	Band Stand, Chowpatty, Bombay.
104	„ Jal Hormasji Billimoria	„ Pallonjee Eduljee & Son	New Charni Road, Girgaon, Bombay.
105	„ Velji Lukhamsi Nappoo..	„ Nappoo Nensee & Co. ..	188, Argyle Road, Dana Bunder, Bombay.
106	„ Alimahomed Mecklai	„ Alimahomed Mecklai & Co.	99, Esplanade Road, Fort, Bombay.
107	„ J. H. Bhabha ..	The Tata Hydro Electric Power Supply Co. Ltd.	Bombay House, Bruce Street, Bombay
108	„ Dwarkadas Jekisondas ..	Mr. Dwarkadas Jekisondas ..	Dwarkadas Mansion, Sandhurst Road, Bombay.
109	„ Hansraj Haribhai ..	Messrs. Hansraj & Co. ..	20, Elphinstone Circle, Fort, Bombay
110	„ Vallabhdas Runchordas.	„ Vallabhdas Runchordas & Co.	Mahim, Bombay 16.

No.	Representative.	Member.	Address.
111	Mr. Kapilram H. Vakil ..	Mr. Kapilram H. Vakil. ..	Navsari Building, Hornby Road, Bombay.
112	„ Baldevdas Dalshukhram Dave.	Messrs. Somnath Rupjidas Patel.	35, 3rd Bhoiwada Bhulshwar, P. O. Box. 2080, Bombay.
113	„ Dawood Haji Nassur ..	„ Nassur Haji Mavji & Co.	Nassur Building, Mahomadalli Road, Bombay.
114	„ Amritlal Amerchand ..	„ Amerchand Madhowji & Co.	36, Kazi, Sayed Street, Mandvi, Bombay.
115	„ Laxmidas G. Tejpal ..	Mr. Laxmidas G. Tejpal ..	7, Bastion Road, Fort, Bombay.
116	„ Morarji Premji Goculdas	Messrs. M. P. Goculdas & Co.	Yusuf Building, Churchgate St., Fort, Bombay.
117	„ Behram N. Karanjia ..	Mr. Behram N. Karanjia ..	Mahomedbhoy Mansion, 13, Hughes Road, Bombay.
118	„ Jamnadas Morarji ..	Messrs. Jamnadas Morarji & Sons.	Share Bazar, 8-10, Dalal St., Fort, Bombay.
119	„ Sarabhai Prataprai ..	Mr. Sarabhai Prataprai ..	“Madhuli,” Grant Road, Bombay.
120	„ Gordhandas Parshottamdas	Messrs. Narrondas Manordas & Co.	Shaikh Memon Street, Bombay.

121	Mr. R. J. Duff ..	The New India Assurance Co., Ltd.	Central Bank Building, Esplanade Road, Bombay.
122	„ Purshottam Kanji ..	Messrs. Kanji Cursondas & Co.	183-185, Hornby Road, Bombay.
123	„ Jamnadas Vassanjee ..	The Bombay Swadeshi Co-operative Stores Co. Ltd.	Cruikshank Road, Fort, Bombay.
124	„ Maganbhai P. Amin. ..	Messrs. Maganbhai Amin & Co.	32, Apollo Street, Fort, Bombay.
125	„ Dhirajlal Maganlal ..	„ Purshotam Pranvallubh & Co.	Dalal St., Share Bazar, Bombay.
126	„ Aboobaker Abdulrehman ..	„ Aboobaker Abdulrehman & Co.	14, Custom House Road, Fort, Bombay.
127	„ Tulsidas Karsandas ..	„ Parmanand Karsandas Hargovan.	Mulji Jetha Market, Chowk, Bombay.
128	„ S. D. Shethia ..	„ Shivji Dharamsey Shethia & Co.	Graham Building, Parsee Bazar St., Fort, Bombay.
129	„ Jamnadas Ramdas ..	„ Tulsidas Ramdas ..	18-22, Marwari Bazar, Bombay.
130	„ Pragji Dayal Hariani ..	Mr. Pragji Dayal Hariani ..	112, D'Souza Street, Mandvi, Bombay
131	„ Jivanlal Chimanlal Setalvad.	Messrs. J. C. Setalvad & Co. ..	Jehangir Wadia Building, Esplanade Road, Bombay.
132	„ Narandas Bhavanji ..	„ Narandas Bhavanji & Co.	Gadhsisa (Cutch)
133	„ Rattansey Hirji ..	„ Hirji Govindji & Co.,	45, Baroda St. Dana Bunder, Bombay.

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER

No.	Representative.	Member.	Address.
134	Mr. Mohanlal Hemchand .. Jhaveri.	Messrs. Chimanlal Mohanlal & Co.	Patel Building, Javeri Bazar, Bombay.
135	„ Balabhai Jamnadas ..	The Gujarat Oil Mill & Mfg. Co., Ltd.	Asarva, Post Railwaypura, Ahmedabad.
136	„ Ratan C. Gazdar ..	Messrs. Bomanji C. Gazdar & Co.	16, Apollo Street, Fort, Bombay.
137	„ Hoosainbhoy Hassum ..	Mr. Hoosainbhoy Hassum ..	168, Samuel Street, Bombay.
138	„ B. K. Setalvad ..	Messrs. M. Kanji & Co. ..	Cawasji Patel Street, Fort, Bombay.
139	„ Dharamsey Mulraj Khatau ..	The Sholapoor Spg. & Wg. Co. Ltd.	Sudama House, Wittet Road, Ballard Estate, Bombay.
140	„ Lakhmidas G. Dossa ..	Messrs. Goculdas Dossa & Co.	22, Apollo Street, Fort, Bombay.
141	„ Darasha Hormasji ..	„ Morarji & Hormasji ..	Shaikh Memon Street, 19, Champa Galli, Bombay.
142	„ Dorab Bomanji Kapadia ..	Mr. Dorab Bomanji Kapadia ..	C/o Mr. N. H. Katrak, Hirji Mansion, Gowalia Tank Road, Bombay.
143	„ Motiram Waghji ..	„ Motiram Waghji ..	112, New Chinch Bunder, Mandvi, Bombay.

144	Mr. Chumilal Baldevdas ..	Mr. Chumilal Baldevdas ..	C/o Gordhandas Mulchand, 2nd Bhoi- wada, Bhuleshwar, Bombay.
145	„ Ratanchand Hirachand	The Premier Construction Co., Ltd.,	Phoenix Building, Ballard Estate, Bombay.
146	„ H. H. Belgaumwalla ..	Mr. H. H. Belgaumwalla ..	Hubli.
147	Prof. Khushal T. Shah ..	Prof. Khushal T. Shah. ..	Madhav Nivas, 8, Laburnum Road, Gamdevi, Bombay.
148	Mr. Nensey Tejpal ..	Mr. Nensey Tejpal ..	Nana Colaba, Thomas Street, Bombay.
149	„ Behram N. Karanjia ..	The Silk Merchants' Association	Shri Krishna Nivas, Kalbadevi, Road, Bombay.
150	„ S. J. Pandya ..	The Scindia Steam Navigation Co. Ltd.	Sudama House, Wittet Road, Ballard Estate, Fort, Bombay.
151	„ Hooseinbhoj A. Lalljee	Messrs. Abdullahbhoj Lalljee & Co.	Standard Bldg., Hornby Road, Bom.
152	Sir M. Visvesvaraya ..	Sir M. Visvesvaraya ..	Uplands, High Ground, Bangalore.
153	Mr. M. G. Mehta ..	Messrs. Bakubhai Ambalal & .. Co.	Mohamed Building, 27, Bastion Road, Fort, Bombay.
154	„ A. M. Lala ..	„ Nanavati Vevaina & Co.	Sudama House, Wittet Road, Ballard Estate, Bombay.
155	„ B. J. Modi. ..	The Jupiter General Insurance Co. Ltd.	Ewart House, Tamarind Lane, Fort, Bombay.
156	„ B. M. Bhargava ..	The Union Bank of India, Ltd.	Apollo Street, Fort, Bombay.

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER

No.	Representative.	Member.	Address
157	Mr. Gulabchand Naginchand	The Pearl Merchants and Jewellers' Association.	25-39, Mumbadevi Road, Bombay.
158	„ Rustomji Nowroji Bapasola	Mr. Rustomji Nowroji Bapasola	10, Forbes Street, Fort, Bombay.
159	„ Manmohandas Madhavdas Amersey	Messrs. Amersey & Sons.	Sudama House, Wittet Road, Ballard Estate, Bombay.
160	„ Lalji Rowji Khant	„ Shoorji Vallabhdas Colour Co.	Samuel Street, Bombay.
161	„ Ratansi Karsondas	„ Karsondas Ranchhordas	60, Bazar Gate Street, Fort, Bombay.
162	„ Jehangir P. Katgara	„ Jeena & Co.	Gresham Building, Esplanade Road, Fort, Bombay.
163	„ Dhruva Sumanas	Mr. Dhruva Sumanas	Murzbanabad Road, Andheri.
164	„ Nensey Narandas Topan.	Messrs. Narandas Topan	Tamba Kanta, Phydhonie, Bombay.
165	„ Morarji Mulraj Khatau	The Khatau Makanji Spg. & Wg. Co. Ltd.	Laxmi Building, 42, Ballard Road, Bombay.
166	„ Khursetji Limji..	The Bombay Cycle and Motor Agency, Ltd.	534, Sandhurst Bridge, Chowpatty, Bombay.

167	Mr. Nassurvanji S. Guzdar ..	Messrs. Nassurvanji S. Guzdar & Co.	Canada Building, Home Street, Fort Bombay.
168	„ Gordhandas Goculdas Morarji	Mr. Gordhandas Goculdas	Harkness Road, Walkeshwar, Bombay,
169	„ B. Das ..	„ B. Das ..	P. O. Chandani Chowk, Cuttack.
170	„ Manilal Jugaldas	„ Manilal Jugaldas ..	4, Green Street, Fort, Bombay.
171	„ Chaturbhuj Khiasee	Messrs. Chaturbhuj Khiasee & Co.	81-83, Chinch Bunder Road, Bombay.
172	„ Vishvanath P. Vaidya ..	Mr. Vishvanath P. Vaidya ..	Fort Chamber, 6-10, Dean Lane, Fort, Bombay.
173	„ H. M. Chowna ..	Messrs. H. M. Chowna & Co. ..	73, Apollo Street, Fort, Bombay.
174	„ S. D. Saklatvala ..	„ Tata Mills, Ltd. ..	Bombay House, Bruce Street, Fort, Bombay.
175	Sir Nowroji B. Saklatvala ..	The Svadeshi Mills Co., Ltd. ..	Bombay House, Bruce Street, Fort, Bombay.
176	Mr. Mafatlal Gagalbhai	The Standard Mills, Co., Ltd.	29, Rustom Building, Churchgate St. Bombay.
177	„ Chamanlal Girdhardas Parekh	The Industrial Bank of Western India, Ltd.	Mirzapur Road, Ahmedabad.
178	„ Ahmed Habib ..	Messrs. Khoja Mithabhai Nathoo	Hanuman Building, Tamba Kanta, Bombay.
179	Sir. Hormasji P. Mody	Sir. Hormasji P. Mody ..	Cumballa Hill, Bombay.

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER

No.	Representative.	Member.	Address.
180	Mr. Shantikumar Narottam Morarjee. ..	Mr. Shantikumar Narottam Morarjee.	Juhu, Via Santa Cruz.
181	„ C. B. Nanavati ..	The Eastern Bunkerers Ltd. ..	Sudama House, Wittet Road, Ballard Estate, Fort, Bombay.
182	„ Shiavax C. Cumbata ..	Messrs. Shiavax C. Cumbata & Co. Ltd.	Cook's Building, Hornby Road, Fort, Bombay.
183	Sir Currimbhoy Ebrahim, .. Bart.	Sir Currimbhoy Ebrahim, Bart.	Jiji House, Ravelin St., Fort, Bombay.
184	Mr. Karmali Ebrahim ..	Messrs. Karmali Ebrahim & Co.	165, 167, Khoja Mohalla, Mandvi, Bombay.
185	Khan Bahadur Phirojshaw D. Patel	Khan Bahadur Phirojshaw D... Patel.	C/o Messrs. Patel Tyebji & Co., Currimbhoy House, Waudby Road, Bombay.
186	Mr. Chunilal B. Mehta ..	The Bombay Bullion Exchange, Ltd.	171, Shroff Bazar, Bombay.
187	The Hon. Sirdar Sir Suleman Cassum Haji Mitha.	The Hon. Sirdar Sir Suleman Cassum Haji Mitha.	27, Kolsa Mohalla, Pydhonie, Bombay.
188	Mr. Mafatlal Gagalbhai ..	Mr. Mafatlal Gagalbhai ..	29, Rustom Building, Churchgate St. Bombay.
189	„ Jugatram S. Vaidya. ..	The Zandu Pharmaceutical Works Ltd.	Elphinstone Road, Bombay.

190	Mr. M. C. Ghia	..	Messrs. M. C. Ghia & Co.	24, Elphinstone Circle, Fort, Bombay
191	Hon. Raja Sir S. R. M. Annamalai Chetty.	..	Hon. Raja Sir S. R. M. Annamalai Chetty.	"Natana Vilas," 38, P. C. Road, Vepery, Madras.
192	Mr. Nagindas G. Shah	..	Messrs. Sankalchand G. Shah & Co.	Hanuman Building, Tamba Kanta, Bombay.
193	„ Meyer Nissim	..	Mr. Meyer Nissim	Menkwa Building, Outram Road, Fort, Bombay.
194	„ D. D. Writer	..	Dr. D. Writer & Co.	Bhavanishanker Road, Dadar, Bombay.
195	„ Popatlal Girdharlal	..	Messrs. Popatlal Girdharlal & Co.	65, Apollo Street, Fort, Bombay.
196	„ Keshavprasad C. Desai	..	The Industrial & Prudential Assurance Co. Ltd.	Jehangir Wadia Building, Esplanade Road, Bombay.
197	„ Kishanchand Rupchand Binani	..	Messrs. Rai Bahadur Tikamchand.	299, Kalbadevi Road, Bombay.
198	„ Dhirajlal C. Mody	..	The Gujarati Type Foundry	Gaiwadi, Girgaon, Bombay.
199	„ Manu Subedar	..	Mr. Manu Subedar	Kodak House, Home St., Fort, Bombay.
200	„ G. F. Munshi.	..	The Gujrat Islam Match Mfg. Co. Ltd.	Kankaria Road, Ahmedabad.
201	„ Kalyanbhai Sarabhai Javeri.	..	Messrs. Sarabhai & Sons.	Bombay Mutual Life Bldg. Hornby Road, Bombay.
202	„ Jagjivan Ujamshi Mulji	..	The Sugar Merchants' Association	Khand Bazar, Bombay.

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER

No.	Representative.	Member.	Address.
203	Mr. K. M. Shinker ..	The Indian Co-operative Navigation & Trading Co. Ltd.	Keshavji Building, 149, Frere Road, Bombay.
204	„ C. R. H. Readymoney ..	India International Co. ..	Readymoney Mansion, Churchgate St., Bombay.
205	„ Narayanlal Bansilal Pittee	Mr. Narayanlal Bansilal Pittee	205-207-209, Kalbadevi Road, Bombay.
206	„ F. E. Dinshaw ..	„ F. E. Dinshaw ..	C/o Messrs. Payne & Co., Solicitors, Esplanade Road, Fort, Bombay.
207	„ Sorab Dalal ..	Messrs. Sorab Dalal Potteries	“ Westview,” Khanpur Road, Ahmedabad.
208	„ S. Bhattacharjee ..	The Bengal Luxmi Cotton Mills, Ltd.	28, Pollock Street, Calcutta.
209	• „ Tricumdass D. Morarji ..	The Dharamsi Morarji Chemical Co. Ltd. ..	Sudama House, Wittet Road, Ballard Estate, Bombay.
210	„ Bhogilal Laherchand Javeri.	Messrs. Batliboi & Co. ..	Forbes Street, Fort, Bombay.
211	„ Mahomed Akbar A. Fazalbhoj.	„ „ A. Fazalbhoj & Sons. ..	C/o Bombay Radio Co., Ltd., 16, New Queen's Road, Bombay,
212	Pt. Shiv Kishan Kaul ..	Messrs. Sir Daya Kishan Kaul & Sons.	29, Lawrence Road, Lahore.

213	Sir Byramjee Jeejeebhoy ..	Sir Byramjee Jeejeebhoy. ..	Alice Building, Hornby Road, Fort, Bombay.
214	Mr. B. S. Lalkaka ..	The Pioneer Magnesia Works	Chartered Bank Building, Esplanade-Road, Fort, Bombay.
215	„ Dharamsey Mulraj Khatau ..	Mr. Dharamsey Mulraj Khatau	42, Ballard Road, Fort, Bombay.
216	„ Jehangir Ruttonji Dubash	Mr. Jehangir Ruttonji Dubash	24, Carnac Bridge Road, Akbar Press, Bombay.
217	„ Govinddas Maneklal ..	Mr. Govinddas Maneklal ..	Mathuresh Bhuvan, Shahi Bag, Ahmedabad.
218	„ Purshotamdas Harkison-das Shah	Messrs. Bhaidas Cursondas & Co.	7/10, Elphinstone Circle, Fort, Bombay
219	„ Bhagwandas Ramchund	„ Narottamdas Ramchund & Co.	C/o Mackinon Mackenzie & Co., Ballard Estate, Bombay.
220	„ Vrajlal Jivandas ..	„ Laxmidas Vrajlal & Co.	Anand Mahal, 26 Babunath Road, Bombay.
221	„ J. K. Dubash ..	Mr. J. K. Dubash ..	Dady House, Churchgate Street, Bombay.
222	„ Ratansi Mulji ..	Messrs. Vussonji Morarji ..	36, Holi Chakla, Fort, Bombay.
223	„ Babubhai Manji Sanghvi	„ R. Ratilal & Co. ..	Teju Kaya Bldg., Old Chinch Bunder Road, Bombay
224	„ Jagnohundas Kaliandas	Mr. Jagnohundas Kaliandas ..	“Krishna Kunj” Ridge Road, Bombay
225	„ M. S. Captain ..	Messrs. Captain & Vaidya ..	121, Esplanade Road, Fort, Bombay.

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER

No.	Representative,	Member.	Address.
226	Mr. Lachmandas Harkhchand Daga.	Messrs. Rai Bahadur Bansilal Abirchand.	558/62, Shaik Memon Street, Bombay
227	„ Nanji Ladha. . .	„ Kurpal Harsi & Co., . .	New Chinch Bunder Road, Bombay.
228	„ Chunilal B. Mehta . .	„ Chunilal Mehta & Co.	51, Marwari Bazar, Bombay.
229	„ Ratilal M. Nanavati . .	„ Kantawala Nanavati & Co. Ltd.	28, Apollo St., Fort, Bombay.
230	„ H. R. Dadabhoy . .	„ Sorabji Shapurji & Co. Ltd.	Wadia Building, 118-20 Parsi Bazar St., Bombay.
231	„ Chunilal P. Bhatt . .	„ Jeewanlal (1929) Ltd. . .	Kodak House, Hornby Road, Bombay
232	„ Sultan Chinoy . .	The Bombay Garage	Opp. Band Stand, Chaupatty, Bombay.
233	„ Ahmed N. Futehally. . .	Messrs. N. Futehally & Co. . .	19, Bank Street, Fort, Bombay.
234	„ Ballabhdas Eshwardas . . Agrawal.	Mr. Ballabhdas Eshwardas . . Agrawal.	183, Hornby Road, Fort, Bombay.
235	„ Bhawanji A. Khimji . .	Messrs. Arjan Khimji & Co. . .	Navsari Chamber, Outram Road, Fort, Bombay.

236	Mr. Karamchand Chunilal ..	Mr. Karamchand Chunilal ..	Sriram Mansion, Sandhurst Road, Bombay.
237	Seth Kasturbhai Lalbhai ..	Seth Kasturbhai Lalbhai ..	Pankore's Naka, Ahmedabad.
238	Mr. Rustom Pestonji Masani	Mr. Rustom Pestonji Masani	118-20, Parsee Bazar, St., Fort, Bombay.
239	„ Dwarkadas Chhotalal .. Vakil.	Mr. Dwarkadas Chhotalal Vakil	45, Apollo Street, Fort, Bombay.
240	Rao Bahadur Laxman Vishwanath Pophale	Rao Bahadur Laxman Vishwanath, Pophale	Malegaon (Nasik District)
241	Mr. Pannalalji Hiratalji ..	Messrs. Mahaboob Shahi Kuldarga Mills Co., Ltd.	1727, Gunj Bazar, Secunderabad (Dn.)
242	„ D. T. Thadhani ..	„ T. S. Thadhani & Sons.	Nanji. Bldg., Elphinstone Circle, Bombay.
243	„ M. L. Dahanukar ..	Mr. M. L. Dahanukar. . . .	Shri Krishna Nivas, Kalbadevi Road, Bombay.
244	„ K. M. Madon ..	The Tata Iron & Steel Co. Ltd.	Bombay House, Bruce Street, Fort, Bombay.
245	„ Karsandas Vissanji ..	Messrs. Vissanji Sons & Co. ..	9, Wallace Street, Fort, Bombay.
246	„ Nemchand Abhechand ..	„ Nemchand Khimchand Co.	182, Shaikh Memon Street, Bombay.
247	„ Motilal Bawalal ..	Mr. Motilal Bawalal. . . .	Dalal Street, Fort, Bombay.
248	„ S. C. Majumdar ..	Hindusthan Co-operative Insurance Society, Ltd.	Commissariat Building, Hornby Road, Fort, Bombay.

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER

No.	Representative.	Member.	Address.
249	Mr. Hargovandas Jeevandas	Mr. Hargovandas Jeevandas	Diamond Bldg., Lohar Chawl, Bombay
250	„ Ebrahim Curmally ..	Messrs. Curmally Janmahomed	160-62, Samuel Street, Bombay.
251	„ N. W. Gurjar ..	„ Kirloskar Bros. Ltd. ..	Kirloskarvadi, (Dist. Satara).
252	„ M. L. Dahanukar ..	The Maharashtra Chamber of Commerce. ..	Phoenix Building, Ballard Estate, Fort, Bombay.
253	„ Jayantilal Devidas ..	Mr. Jayantilal Devidas ..	Carnac Bunder, Bombay.
254	Khan Bahadur D. B. Cooper	The Cooper Engineering Works	“Huntworth” Satara.
255	Mr. Reginald Herber Parker	Bombay Telephone Co., Ltd.	Home Street, Fort, Bombay.
256	„ G. K. Dalal ..	Messrs. Dalal & Mehta ..	41, Meadows Street, Fort, Bombay.
257	„ Natverlal Bhagvanlal Desai ..	„ Natverlal & Co. ..	Whiteway Laidlaw Building, Hornby Road, Fort, Bombay.
258	„ G. S. Mahomed ..	Mr. G. S. Mahomed ..	144, Samuel Street, Bombay.
259	„ Tulsidas Khimji ..	„ Tulsidas Khimji ..	46, Churchgate Street, Fort, Bombay.

260	Mr. Jagmohandas J. Kapadia	Mr. Jagmohandas J. Kapadia	Morarji Goculdas Chawl No. 5, Sandhurst Road, Bombay.
261	„ A. A. Jasdenvala	Messrs. Adamji Lookmanji & Co.	127, Fort Street, Fort Bombay.
262	„ D. Cowasji	„ D. Cowasji & Co. Ltd. . .	20, Fort Street, Fort, Bombay.
263	„ H. B. Reporter.	„ Empress Iron & Brass Works.	Connaught Road, Parel, Bombay.
264	„ Fulchand Manekchand . .	„ Virchand Panachand & Co.	Gaumukh Bhuvan, Masjid Bunder Road, Bombay.
265	„ Khimji Madan Bhujpuria	The Bombay Grain Dealers' Association.	Bhat Bazar, Mandvi, Bombay.
266	„ Nagindas Tribhowandas . .	Mr. Nagindas Tribhowandas . . Master.	94, Meadows Street, Fort, Bombay.
267	Sir Hormusji M. Mehta	Messrs H. M. Mehta & Co. Ltd.	Apollo Street, Fort, Bombay.
268	Mr. Jagjivan Ujamshi . .	Mr. Jagjivan Ujamshi. . .	195, Kalbadevi Road, Bombay.
269	„ Hemchand Mohanlal . .	Messrs. Hemchand Mohanlal & Co.	Dhanji Street, Bombay.
270	„ Erachshaw R. Heerjibehedin.	Mr. Erachshaw R. Heerjibehedin	Kaiser-Chambers, Elphinston Circle, Fort, Bombay.
271	„ Mangaldas B. Mehta . .	Messrs. Amarchand & Mangaldas	36, Tamarind Lane, Fort, Bombay.
272	„ Devji Tokersey Moolji . .	Mr. Devji Tokersey Moolji . .	Bhat Bazar, Mandvi, Bombay.

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER

No.	Representative.	Member.	Address.
273	Mr. Valabhadas Tejpal ..	Mr. Valabhadas Tejpal ..	219, Vadgadi, Bombay.
274	„ Fakirjee Cowasji ..	Messrs. Cowasji & Sons. ..	Kimari, Karachi.
275	„ Choonilal Girdharlal ..	„ Choonilal Manilal Ltd.	4, Green St. Fort, Bombay.
276	„ Ratilal Mulji Gandhi ..	The Seeds Traders' Association	Jenabai Building, Musjid Bunder Road, Bombay.
277	Sir Chunilal V. Mehta ..	Sir Chunilal V. Mehta. ..	Neville House, Ballard Estate, Fort, Bombay.
278	Mr. Amritlal Popatbhai. ..	Messrs. Amritlal Popatbhai & Co.	Agakhan Building, Dalal St., Fort, Bombay.
279	„ Goolamhusein Ebrahim	Messrs. Abdoodally Ebrahim ..	121, Nagdevi Street, Bombay.
280	„ Ranchhoddas Jethabhai	„ Ranchhoddas Jeyram & Sons.	Dongri Street, Bhat Bazar, Bombay.
281	„ K. S. Ramchandra Iyer	The Indian Insurance Companies' Association. ..	Jehangir Wadia Building, Esplanade Road, Fort, Bombay.
282	„ D. H. Vakil ..	Messrs. Vakil & Co. ..	Kaiser-Gunj, Ajmer.

283	Mr. Morarji Padamsey	..	Mr. Morarji Padamsey	..	Ewart House, Tamarind Lane, Fort' Bombay.
284	Thakordas Nanabhai Merchant.	..	Mr. Thakordas Nanabhai Merchant.	..	Khakhar Building, C. P. Tank Road, Bombay.
285	Gopaldas Poonja	..	Messrs. Khimji Poonja & Co.	..	19-21 Dalal Street, Fort, Bombay.
286	Sir Cowasji Jehangir, Bart	..	Sir Cowasji Jehangir, Bart.	..	Readymoney Mansion, Churchgate Street, Fort, Bombay.
287	Mr. Maneklal B. Patel	..	Messrs. Shri Krishna Film Co.	..	162, Dadar Road, Bombay.
288	Amritlal D. Sheth	..	" Saurashtra Ltd.	..	C/o States People Ltd., 139, Meadows Street, Fort, Bombay.
289	Dhansukhlal C. Mehta	..	Messrs. Mehta Vakil & Co.	..	Wadia Building, Dalal St., Fort, Bombay.
290	Abdultyeb E. Muskati	..	Mr. Abdultyeb E. Muskati	..	Muskati House, Mahomedally Road, Bombay.
291	Venkatnarayan Patruni	..	" Venkatnarayan Patruni	..	Matunga, Plot No. 275, Bombay.
292	Cassumally Munjee	..	Messrs. Munjee Nathoobhoy & Co.	..	Munjee House, 18-20 Rampart Row, Fort, Bombay.
293	K. J. Divecha	..	" Wright & Co.	..	Mint & Frere Road, Fort, Bombay.
294	Lalji Ravji	..	" Ravji Nensee & Co.	..	Ganpat Napoo Building, New Chinch Bunder Road, Bombay.
295	Shivjee Devjee	..	" Devjee Khetsey & Co.,..	..	New Chinch Bunder Road, Bombay

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No.	Representative.	Member.	Address.
296	Mr. Naranlal Jivanlal ..	The Ahmedabad New Standard Mills Co. Ltd.	Post Railwaypura, Ahmedabad.
297	„ Fakirmahomed C.L. Sajun	The Bombay Rice Merchants' Association.	Carnac Bunder, Bombay.
298	„ Shah Shamji Vallabhji ..	Mr. Shah Shamji Vallabhji ..	Mulji Jetha Market, Dharamraj Gally, Bombay.
299	„ J. A. D. Naoroji ..	The Tata Oil Mills Co., Ltd. ..	Bombay House, Bruce Street, Fort, Bombay.
300	„ Phiroze C. Cooper ..	Messrs. Boyce & Co. ..	38, Fort Street, Fort, Bombay.
301	„ Hargovindas B. Kotak	„ Kotak & Co. ..	Navsari Building, Hornby Road, Fort, Bombay.
302	„ Taherally Mahomedally Saherwala,	The Bombay Iron Merchants' Association	Carnac Bunder, Bombay.
303	„ J. D. Kothawala ..	Messrs. Polson Mfg Co. ..	217-219, Frere Road, Fort, Bombay.
304	„ Manekshah N. Pochkhawalla.	„ Wadia Ghandy & Co., ..	123, Esplanade Road, Fort, Bombay.
305	„ Bhogilal C. Shah. ..	The Chamber of Incometax Consultants.	15, Jiji House, Ravelin Street, Fort, Bombay.

306	Mr. Shantikumar Narottam Morarji.	The Indian National Steamship Owners' Association. . .	Sundama House, Wittet Road, Ballard Estate, Fort, Bombay.
307	„ Dharamdas Samaldas . . Purbhoodas.	Mr. Dharamdas Samaldas Purbhoodas.	P. O. Box 536, Fort, Bombay.
308	„ Shamjee Premjee . .	Messrs. Ranchordas Purshotam & Co.	106, Khand Bazar, Bombay.
309	„ Nandlal M. Bhuta . .	„ M. Bhuta & Co. . .	88, Musjid Bunder Road, Mandvi, Bombay.
310	„ Nadirshaw Kawasjee . .	„ Nadirshaw, Printer & Co	121, Esplanade Rd., Fort, Bombay.
311	Sir Dossabhoy H. Bhiwandiwalla.	„ Hormasji Manekji, Dossabhoy Hormusji Bhiwandiwalla & Co. . .	583, Chira Bazar, Bombay.
312	Mr. Jehangir B. Manekji . .	The General Engineering Corporation, Ltd.	91, Apollo Street, Fort, Bombay.
313	„ C. G. Fozdar . .	The Asian Assurance Co., Ltd.	Asian Building, Ballard Estate, Fort, Bombay.
314	„ Ratilal Nathalal . .	Mr. Ratilal Nathalal . .	C/o Commercial Mills Co. Ltd., Ahmedabad.
315	„ Sakarlal Balabhai . .	The Sarangpur Cotton Mfg. Co. Ltd.	Ahmedabad.
316	„ Motilal H. Parikh . .	Messrs. Lallubhai Amichand . .	554, Kansara Chawl, Bombay.
317	„ N. M. Sampat . .	„ S. Mitra & Co. . .	210, Kelewadi, Girgaum Road, Bombay.

No.	Representative.	Member.	Address.
318	Mr. Byramjee Hormusjee ..	Messrs. Zenith Life Assurance Co. Ltd.	Apollo Street, Fort, Bombay.
319	„ Motiram Narayan Desai ..	„ Anant Shivaji Desai ..	Moti Bazar, Bombay.
320	„ L. K. Desai ..	National Insurance Co., Ltd. ..	National Insurance Building, Hornby Road, Fort, Bombay.
321	„ D. P. Tata ..	The Bombay Kariana Merchants' Association.	222-4, Vadgadi, Mandvi, Bombay.
322	„ Lallubhai Chunilal ..	The Indian Match Manufacturers' Association.	121, Nagdevi Street, Bombay.
323	„ Vithaldas Kanji ..	The Wallace Flour Mills, Co., Ltd.	9, Wallace Street, Fort, Bombay.
324	„ Sitaldas Tirathdas ..	Messrs. Sitaldas Tirathdas ..	64, Multani's Wadi, Walkeshwar Road, Bombay.
325	„ Hassanally Shermahomed ..	Mr. Hasanally Shermahomed ..	39, Pydhonie Road, Khadak, Bombay.
326	„ Dharamdas Hargovandas ..	„ Dharamdas Hargovandas ..	Diamond Bldg., Lohar Chawl, Bombay.
327	„ Bhogilal Hargovindas .. Patel.	Messrs. Das & Co. ..	59, Apollo St., Fort, Bombay.

328	Mr. Rahim Ebrahim	..	Messrs. Ebrahim Currim & Sons.	Rahim Building, Princess Street, Bombay.
329	Dr. Kalimudin	..	The Bombay Soap Factory	Ripon Road Cross Lane, Madanpura Bombay,
330	Mr. A. G. Gray	..	The Bank of India, Ltd.	Fort, Bombay.
331	„ Nandvadan Jhaverilal Gor	..	Mr. Nandvadan Jhaverilal Gor	York Building, Hornby Road, Fort, Bombay.
332	„ S. B. Dalal	..	Messrs. Birla Bros., Ltd.	Jehangir Wadia Building, Esplanade Road, Fort, Bombay.
333	„ N. J. Shah.	..	The Bombay Mutual Life Assu- rance Society Ltd.	Bombay Mutual Life Bldg., Hornby Road, Fort, Bombay.
334	„ A. S. Trollip	..	The Bombay Electric Supply & Tramways Co., Ltd.	Electric House, Fort, Bombay.
335	„ Purshotamdas Popatlal	..	Messrs. Purshotamdas Popatlal & Co.	37, Hamam Street, Fort, Bombay.
336	„ Jethmal Thakursingh Lalvani	..	„ J. B. Advani & Co., Ltd.	27, Mangaldas Road, Bombay.
337	„ H. Edwin Jones	..	The Oriental Government Secu- rity Life Assurance Co., Ltd.	Oriental Building, Hornby Road, Fort, Bombay.
338	„ N. B. Mehta	..	The Central India Spg. Wg., & Mfg. Co., Ltd.	Bombay House, Bruce Street, Fort, Bombay.
339	„ H. N. Vakil	..	The Andhra Valley Power Supply Co., Ltd.	Do.
340	„ N. B. Davar	..	The Tata Power Co., Ltd.	Do.

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No.	Representative.	Member.	Address.
341	Mr. V. C. Setalvad ..	Mr. V. C. Setalvad. ..	C/o The Industrial & Prudential Assurance Co., Ltd., Jehangir Wadia Building, Esplanade Road, Fort, Bombay.
342	Chiranjilal Loyalka ..	Messrs. R. B. Loyalka... ..	New Stock Exchange Bldg., Share Bazar, Fort, Bombay.
343	Ebrahim Dawood Kazi ..	Mr. Ebrahim Dawood Kazi ..	Pine Mansion, Mazagaon Bombay.
344	Dorab R. Davar ..≡	Messrs. Cornelius & Davar. ..	80, Esplanade Road, Fort, Bombay.
345	Chimanlal Manchubhai ..	Mr. Chimanlal Manchubhai ..	183, Cadell Road, Mahim, Bombay.
346	Amritlal Hargovandas ..	Messrs. Hargovandas Lakhmi-chand.	Manek Chowk, Ahmedabad.
347	Thakorlal Hiralal Vakil ..	The Bombay Coal Merchants' Association.	4, Green Street, Fort, Bombay.
348	Albert Smith ..	The British India General Insurance Co., Ltd.,	35-43, Churchgate Street, Fort, Bombay.
349	Hassanali M. Khairaz. ..	Messrs. Ebrahim Peermahomed & Co.	142, Chuckla Street, Bombay.
350	Harivallabhadas Kalidas ..	Shri Ambica Mills, Ltd.	Post Railwaypura, Ahmedabad.

351	Mr. Narotam Vithal Purshotum	Messrs. Vithal Purshotum & Son	Sandhurst Road, 2nd Khetwady Lane, Bombay.
352	„ W. G. Groundwater	The Bank of Baroda, Ltd.	Baroda.
353	Mrs. Lilavati K. Munshi	Swadeshi Market Committee	Kalbadevi Road, Bombay.
354	Mr. Gunvantlal Varajdas Kapadia.	Mr. Gunvantlal Varajdas Kapadia	C/o Dikshit Maneklal & Co., Solicitors, 23, Meadows Street, Fort, Bombay.
355	„ B. S. Turkhud	The Prabhat Insurance Co. Ltd.	Ismail Building, Hornby Road, Fort, Bombay.
356	„ Jagjiwandas Dosabhai	Messrs. Jagjiwandas Dosabhai & Co.	1, Shaikh Memon Street, Moti Raghunath Building, Bombay.
357	„ Fulchand Maganlal	The Ahmedabad Jupiter Spg... Wvg. & Mfg. Co., Ltd.	Dudheshwar Road, Ahmedabad.
358	„ H. S. Captain	The C. P. Cement Co., Ltd.	Yusuf Building, Esplanade Road, Fort Bombay.
359	„ D. R. C. Hartley	The Cement Marketing Co. of India, Ltd.	Forbes Building, Home St., Fort, Bombay.
360	„ Shivalal N. Maniar	Shri Mahajan Association Ltd.	Patwa Chawl, Shaikh Memon Street, Bombay.
361	„ Jaysinglal P. Mehta	Mr. Jaysinglal P. Mehta	C/o The Bombay Steam Navigation Co. Ltd., 100, Frere Road, Bombay.
362	„ Anandji Haridas	Messrs. Anandji Haridas & Co. Ltd.	Argyle Road, Carnac Bunder, Bombay
363	„ Chamanlal Popatlal Mehta	„ C. Mehta & Co.,...	76-78, Nagdevi, Street, Bombay.

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No.	Representative.	Member.	Address.
364	Mr. Thakordas P. Shah ..	Messrs. Thakordas & Co., ..	65, Esplanade Road, Bombay.
365	„ Narandas Ranchhordas Cantol	Mr. Narandas Ranchhordas .. Cantol.	C/o Chugondas & Co., 17, Elphinstone Circle, Fort, Bombay.
366	„ Damodar M. Gandhi ..	Messrs. Gandhi & Co. ..	94, Meadows Street, Fort, Bombay.
367	„ Jayantilal Girdharlal Shah. ≡	Mr. Jayantilal Girdharlal Shah	Khadia, Raghasutaria Pole, Ahmedabad.
368	„ Madhukar Gulabshanker Bakshi	„ Madhukar Gulabshanker .. Bakshi.	C/o Sir Chinubhoy Madhavlal, Gandhi Road, Ahmedabad.
369	„ Krishnaprasad C. Desai	The Hukamchand Insurance Co. Ltd.	Jehangir Wadia Bldg., Esplanade Road, Fort, Bombay.
370	„ Mahomedjaffer S. Dharamsi.	Mr. Mahomedjaffer S. Dharamsi	Shale Building, Bank Street, Fort, Bombay.
371	„ Mathuradas Dwarkadas	„ Mathuradas Dwarkadas ..	Ewart House, Tamarind Lane, Fort, Bombay.
372	„ Madhavsinh Kanji ..	The Acme Mfg., Co., Ltd. ..	9; Wallace Street, Fort, Bombay.
373	„ Pratapsinh Mathuradas	Messrs. Vissanji Khimji & Co.	9, Wallace Street, Fort, Bombay.

374	Mr. G. C. Kothari ..	Messrs. Chimanlal Desai & Co.	Alice Building, Hornby Road, Fort, Bombay.
375	„ Purshottam Meghji ..	„ Purshottam Bhanji & Co.	Old Barden Gully, Isaji Street, Bombay.
376	„ Hairam Jethabhai ..	Mr. Hairam Jethabhai ..	16, Jetha Babu House, Chinchbunder Road, Bombay.
377	„ Virchand Meghji ..	„ Virchand Meghji ..	C/o Messrs. Gill & Co., Ballard Estate, Fort, Bombay.
378	„ Hasanalli Abdulkarim ..	Messrs. Abdul Karim Cassum ..	Above Islam Club, Chowpatty, Bombay.
379	„ Ranchhoddas Chunilal ..	„ Khatau Vithaldas Choonilal ..	104-6, Bhuleshwar, Bombay.
380	„ Jethalal Dharsey ..	„ Jariwalla. Jethalal & Co. ..	59, Marwari Bazar, Bombay.
381	„ Chunilal Dahyabhai ..	„ Chunilal Dahyabhai & Co.	Princess Street, Bombay.
382	„ Rustomjee Hormasjee ..	Mr. Rustomjee Hormasjee Rao	9, Wallace Street, Fort, Bombay
383	„ Shariff Hasham ..	The Eastern Steam Navigation Co., Ltd.	24, Mangalore Street, Fort, Bombay
384	„ Umakant Shrirang Desai ..	Mr. Umakant Shrirang Desai	Aga Khan Building, 26, Dalal Street, Fort, Bombay.
385	„ G. M. Bhuta. ..	Messrs. Master Sathe & Bhuta	41, Hamam Street, Fort, Bombay.
386	„ Maneklal Pranlal Shah ..	The Gold Filled Leather Works	Bhangwadi, Kalbadevi Road, Bombay.

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER

No.	Representative	Member.	Address.
387	Mr. G. I. Patel ..	Messrs. Gordhandas Desai & Co.	Kermani Building, Sir P. M. Road, Fort, Bombay.
388	„ N. B. Bhagat. ..	„ Bhagat & Sons. ..	Love Lane, Mazagaon, Bombay.
389	„ Mulraj Karsandas ..	The Indian Globe Insurance Co. Ltd.	28, Apollo Street, Fort, Bombay.
390	„ Pallanji Pestonji ..	Messrs. Muncherji Vadilal & Co.	Cotton Depot, Mazagaon, Bombay.
391	„ Shavakshaw Fakirji Dhalla.	„ Fakirji Rustomji & Sons	Carnac Bridge Goods Station, Bombay.
392	„ Pratapray Manmohandas	„ Pratapray Amritlal & Co.	Ranchhoddas Tribhovandas Bldg., Marwari Bazar, Bombay.
393	„ Mathradas Haridas ..	„ Damodar Anandji ..	66, Karwar Street, Fort, Bombay.
394	„ Hashambhai Premji ..	„ Hasham Premji ..	Rice Godown, Carnac Bunder, Bombay.
395	„ Mohamedumar Chandbhoy.	„ Mr. Mohamedumar Chandbhoy	150, Nagdevi Street, Bombay.
396	„ Kaikhusru A. Dubash ..	Messrs. Ardeshir B. Cursetjee & Sons.	6, Rampart Row, Fort, Bombay.
397	„ Madhavji Hariam ..	„ Manilal Mooljee Rangwalla	Samuel Street, Vadgadi, Bombay.

398	Mr. Shiavax C. Cambata	..	The Hirdagarh Collieries, Ltd.	Cook's Building, 32 ⁴ , Hornby Road, Fort, Bombay.
399	„ Laxmidas Bhawanidas	..	Mr. Laxmidas Bhawanidas Vora	65, Old Hanuman Lane, Bombay.
400	„ Nathubhai N. Dandh.	..	Messrs. Shanji Karamsi & Co.	27, Chinchbunder Road, Bombay.
401	„ Thackersey Hirji Nensey	..	„ Hirji Nensey & Co.	7-10, Elphinstone Circle Fort, Bombay.
402	„ B. D. Sardesai	..	The Hindustan Construction Co., Ltd.	Phoenix Bldg., Ballard Estate, Fort, Bombay.
403	„ Rantanchand Khimchand Motishaw.	..	Messrs. R. K. Motishaw & Co.	Apollo Street, Motilal Mansion, Fort, Bombay.
404	„ T. G. Patel	..	The Indian Hume Pipe Co. Ltd.	Sholapur.
405	„ Lalchand Hirachand	..	Mr. Lalchand Hirachand	Post Ravalgaon, Dt. Nasik.
406	„ Thakorlal H. Vakil	..	Messrs. Vakil Brothers	43, Appollo Street, Fort, Bombay.
407	„ R. G. Saraiya.	..	The Broach City Press, Co. Ltd.	Navsari Chambers, Outram Road, Fort, Bombay.
408	„ Mahomedali Salehmahomed Maniar.	..	Mr. Mahomedali Salehmahomed Maniar.	New Kazi Mohalla, Bombay, 9.
409	„ Mohamed M. Kiledar	..	Messrs. Moosa Haji Mohamed.. Kiledar & Bros.	Kiledar Street, Jacob Circle, Bombay.
410	„ Narottam Keshavlal Shah	..	Mr. Narottam Keshavlal Shah	C/o Messrs. Savailal Maneklal, 4th Lane, Mangaldas Market, Bombay

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER

No.	Representative.	Member.	Address.
411	Mr. D. M. Soni ..	The Northland Sports Works	Sialkot (Punjab.)
412	„ Ratilal T. Parekh ..	The Muccadam Association.	Wakefield House, Ballard Estate, Bombay.
413	„ A. P. Patwardhan ..	Messrs. Annar & Co. ..	Jhaveri Villa, Gilder Lane, Lamington Road, (North), Bombay.
414	„ F. C. Talwar ..	Mr. F. C. Talwar ..	Shantaram House, M. Hill, Bombay.
415	„ Ramdas Khimji ..	Messrs. Ramdas Khimji & Sons	Tuticorin.
416	„ R. N. Adarbad ..	The Indian Society of Accountants & Auditors.	Albert Building, Hornby Road, Fort, Bombay.
417	„ E. S. Patanwala ..	Mr. E. S. Patanwala. ..	182-184, Abdulrehman Street, Bombay
418	„ Ahmed Ebrahim ..	Messrs. Ahmed Ebrahim Brothers.	716-720, Merchant Street, Rangoon.
419	„ Dhunjishaw H. Joshi. ..	International Oil Co. Ltd. ..	17, Ravelin Street, Fort, Bombay.
420	„ S. C. Banerji. ..	Messrs. Marsland Price & Co. Ltd.	Phoenix Building, Ballard Estate, Fort, Bombay.
421	„ Chhotabhai S. Patel ..	The Swastik Oil Mills Ltd. ..	27, Bastion Road, Fort, Bombay.

422	Mr. Mahadev M. Singhi	..	The Cotton Agents, Ltd.	..	51, Esplanade Road, Fort, Bombay.
423	„ Amratlal Kalidas	..	Mr. Amratlal Kalidas.	..	New Stock Exchange Bldg., Dalal St., Fort, Bombay.
424	„ Harilal Narottam Contractor.	..	Messrs. Ranchhodji Ramji & Co.	..	Chikalwadi, Bombay.
425	„ Purshotamdas Harkison-	..	The Bombay Cotton Merchants & Muccadums Association, Ltd.	..	Cotton Exchange, Sewree, Bombay.
426	„ Jamnadas Meghji	..	Messrs. Jamnadas Meghji & Co.	..	166-170, Bible Society Bldgs., Hornby Road, Fort, Bombay.
427	„ Hirji Lakhmidas	..	Mr. Hirji Lakhmidas	..	C/o Virji Peraj Maskai, Maskai Bldg., 106, Bhandari Street, Bombay.
428	„ Valjee Ladha	..	Messrs. Valjee Ladha & Co.	..	Dongri Street, Mandvi, Bombay.
429	„ Premchand C. Bhayani	..	Messrs. Jamnadas Chaturbhuj & Bro.	..	55, Nagdevi Cross Lane, Bombay.
430	„ Ramji Ravji	..	„ Narsi Nagsee & Co.	..	3, Chinch Bunder, Bombay.
431	„ Mancherji N. Cama	..	Mr. Mancherji Nasarvanji Cama	..	Cama Chamber, Meadows Street, Fort, Bombay.
432	„ Ram Nath Chopra	..	The Lakshmi Insurance Co. Ltd.	..	Kamer Bldg., Cowasji Patel St., Bom.
433	„ D. J. Irani	..	Messrs. Mulla & Mulla.	..	51, Esplanade Road, Fort, Bombay.
434	Rai Bahadur Jagmal Raja	..	Rai Bahadur Jagmal Raja	..	Allahabad Glass Works. Naini (U.P.)

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER

No.	Representative.	Member.	Address.
435	Mr. Chimanlal Bapalal Parikh	.. The Bombay Uganda Co. Ltd.	28, Apollo Street, Fort, Bombay.
436	.. Chandulal P. Parikh	.. Messrs. C. Parakh & Co.,	28, Apollo Street, Fort, Bombay.
437	.. Vishram Walji	.. " Walji Bhimji & Sons.	Dharampur Road, Bulsar.
438	.. Girdharlal Thakersee	.. The Ghee Merchants' Association.	Mudi Bazar, Bombay.
439	.. M. R. A. Baig	.. The Eastern Federal Union Insurance Co. Ltd.	Phoenix Bldg., Ballard Estate, Fort, Bombay.
440	.. Vallabhdas Vasanji	.. The Bombay Malabar Kariana Merchants' Association	Katha Bazar, Bombay.
441	.. Bhulabhai J. Desai	.. Mr. Bhulabhai J. Desai.	89, Warden Road, Bombay.
442	.. Velji N. Thakkar	.. Mr. Velji N. Thakkar.	19 Chinch Bunder Road, Bombay.
443	.. Maganlal Bhikhabai Patel	.. The New Rajpur Mill Co., Ltd.	Gomtipur Road, Railwaypura, Ahmedabad.
444	.. Nanalal Keshavji Khitani	.. Messrs. B. Durlabhji & Co.,	Shri Krishna Nivas, Kalbadevi Road, Bombay.
445	.. Chimanlal Bhogilal Desai	.. The Sagar Movi Tone Co.,	68, Nepeansea Road, Bombay.

446	Mr. Navalchand Tarachand Shah	Mr. Navalchand Tarachand Shah.	51, Esplanade Road, Fort, Bombay.
447	„ Madanlal Paliram	Messrs. Brijlal Madanlal	C/o Messrs. Harnandrai Ramnarayan, Kalbadevi Road, Bombay.
448	„ Shantilal Vadilal	„ Shantilal Vadilal & Co.	Revdi Bazar Cross Lane, Ahmedabad.
449	„ Mansukhlal Sukhlal Tar-wala.	Mr. Mansukhlal Sukhlal Tar-wala.	48, Marwari Bazar, Bombay.
450	„ Kalidas Jasraj	Messrs. Kalidas Jasraj	Marwari Bazar, Bombay.
451	„ Chhotalal Virchand Mehta	Mr. Chhotalal Virchand Mehta.	Mahendra Mansions, Esplanade Road, Fort, Bombay.
452	„ Lalji Morarji	Messrs. Bhawanji Lakhmidas & Co.	72, 80, Musjid Bunder Road, Bombay.
453	„ Amulakh Amichand	„ Amulakh Amichand & Co.	32, Marwari Bazar, Bombay.
454	„ Nanji Kalidas	„ Shamji Kalidas & Co.	12, Champa Galli, Mulji Jetha Bldg., Bombay.
455	„ Gajanand Gumaniram	„ Gulraj Runglal.	50-52, Marwari Bazar, Bombay.
456	„ Chandulal Kasturchand.	„ Jagjivandas Kasturchand	Marwari Bazar, Bombay.
457	„ Keshavlal Premchand	„ Chimanlal Premchand.	Piperdi's Pole in Hajapatel's Pole, Ahmedabad.
458	„ Chandulal Laxmichand	„ Chandulal L. Khokhani & Co.	167-69 Shaikh Memon Street, Bombay

No.	Representative.	Member.	Address.
459	Mr. Mangulal Trikamal Parikh ..	Messrs. Bapulal Trikamal Parikh	Ganeshwadi, Bombay.
460	„ Harishanker Valji Pathak ..	„ H. Pathak & Co. ..	Nanabhai Lane, Fort, Bombay.
461	„ Hirji Bharmal ..	Mr. Hirji Bharmal ..	27, Chinch Bunder, Bombay.
462	„ Bhanji Devji Khimji ..	The Arjan Khimji Ginning & Pressing Co., Ltd. ..	4, Outram Road, Fort, Bombay.
463	„ Moolji Dayal ..	Shree Sajjan Mills, Ltd. ..	28, Apollo Street, Fort Bombay.
464	„ Jannadas G. Nensey ..	Messrs. K. Jivraj & Co., ..	C/o Vulcan Insurance Co., Ltd., 51, Elsplanade Road, Fort, Bombay.
465	„ Kashibhai U. Patel ..	Kopran Chemical Co., Ltd. ..	83/85, Tardeo Road, Bombay.
466	„ Vannmali Vithal Nansi ..	Messrs. Nansi Iron & Steel Works.	223, Thakurdwar Road, Bombay.
467	„ Jethabhai J. Kotak. ..	„ Purshotamdas Madhavanani & Co.,	8, Elphinstone Circle, Fort Bombay.
468	„ Murarji Jadavji Vaidya ..	„ Hansraj Sons. ..	Bombay Silk Mills, Colaba, Bombay.
469	„ Ratilal T. Thakkar ..	„ Ratilal & Co., ..	154, Kalbadevi Road, Bombay.

470	Mr. Durlabhji Umedchand .. Parikh	Messrs. Durlabhji Umedchand & Co.,	63, Shaikh Memon Street, Bombay.
471	„ Mohanlal A. Parikh	„ Mohanlal Hargovinddas & Co.,	51, Dadyshtet Agyari Street, Bombay.
472	„ E. S. Marker	„ Marker Goldsteane & Co.	Ismail Bldg., 381, Hornby Road, Fort, Bombay.
473	„ D. C. Nazir.	„ D. C. Nazir & Co.,	21, Elphinstone Circle, Fort, Bombay.
474	„ Nanji Vallabhdas Dossa	Mr. Nanji Vallabdas Dossa	22, Apollo St., Fort, Bombay.
475	„ Padmakant Jekisondas Shroff.	Mr. Padmakant Jekisondas Shroff.	43, Apollo Street, Fort, Bombay.
476	„ Kalyanji Mavji	Mr. Kalyanji Mavji.	55, Apollo St., Fort, Bombay.
477	„ Vrajlal Maganlal	Messrs. Harishanker Vrajlal & Co.	Kansara Chawl, Bombay.
478	„ Pranjivandas Narottamdas	Messrs. Narottamdas Premchand & Sons.	Bhawani Peth, Poona City.
479	„ Chimanlal M. Shah	„ Aryan Brush Co.	Naigam Cross Road, Dadar, Bombay.
480	„ G. N. Joshi.	Mr. Gulabbhai Naranji Joshi	Jariwala Mansion, Hughes Road, Bombay.
481	„ K. B. Mehta	„ Kantilal Balabhai Mehta...	100, Frere Road, Fort, Bombay.
482	„ K. C. Desai.	„ Keshavprasad Chhotalal Desai.	Industrial & Prudential Assurance Co. Ltd., 51, Esplanade Rd. Fort, Bombay.

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER

No.	Representative.	Member.	Address.
483	Mr. Dinsha D. Shroff. ..	Mr. Dinsha D. Shroff ..	Patel Mansion, Gowalia Tank Road, Bombay.
484	„ Jethalal D. Dave Vaidya ..	„ Jethalal D. Dave Vaidya ..	Dave Chemical Works, Ahmedabad.
485	„ Gokaldas M. Kapadia ..	Messrs. B. Gokaldas & Co. ..	187, Princess St., Bombay.
486	„ Mayabhai M. Teli. ..	The Indian Cotton Oil Mill ..	Navsari.
487	„ Chandulal Sarabhai = Modi. ..	Messrs. Sarabhai & Co. ..	Elphinstone Circle, Fort, Bombay.
488	„ Bhikhabhai Laxmidas ..	The Bombay Oil Merchants' .. Association. ..	C/o Mulji Jaitha & Co., Katha Bazar, Bombay.
489	„ Ambalal Bhogilal Parikh ..	The Metal Exchange Association ..	Natvar House, Tamba Kanta, Bombay.
490	„ P. Ranchhodas ..	Sunderdas Saw Mills ..	Opp. Ready Road Station, Bombay 10
491	„ Bhagwandas M. Amin ..	Messrs. Bhupen Bhagwandas & Co. ..	Reid, Road, Railwaypura, Ahmedabad.
492	„ Jivanlal Chimanlal Chinai ..	„ Nagindas Fulchand Chinai ..	Chinai Bldg., 79, Musjid Bunder Road, Bombay.
493	„ Ahmad Oomerbhoy. ..	Mr. Ahmad Oomerbhoy ..	Two Tanks, Grant Road, Bombay.

494	Mr. Devji Anandji ..	Messrs. Devji Kuverji & Co. ..	Moti Bldg., Katha Bazar, Bombay.
495	„ V. H. Hazarat ..	„ Hazarat & Co. ..	106, Cowasji Patel Street, Fort Bombay.
496	„ Ravjibhai Nathabhai Amin ..	Indo-Stationery Mart ..	Red Bldg., Parsi Bazar St., Fort, Bombay.
497	„ Crescencio Lobo ..	Mr. Crescencio Lobo ..	C/o Banco Nacional Ultramariano, Churchgate St., Bombay.
498	„ S. K. Khandwala ..	Messrs. Manilal Mohanlal Parikh ..	C/o Ramchandra & Co., Kapasia Bazar, Ahmedabad.
499	„ Dwarkadas Haridas Vakharia ..	Messrs. Popatlal Ghellabhai & Co. ..	104, Chakla Street, Bombay,
500	„ Lakhamsi Ghelabhai Shah ..	„ Lalji Poonsi & Co. ..	3, Chinch Bunder Road, Bombay.
501	„ Jadavji Narshidas ..	„ Narshidas Jagjivandas ..	Danapith, Bhavnagar. (Kathiawar)
502	„ Chhotalal Nanchand ..	„ Shah Nanchand Anandji ..	Danapith, Bhavnagar, (Kathiawar).
503	„ Parbhulal Chunilal Shah ..	„ Trivedi Shah & Co. ..	P. O. Box. 133, Jinja (East Africa).
504	„ S. A. Aji ..	„ Siddick & Joosab ..	Karimji Bldg., Khand Bazar, Bombay.
505	„ Hemsing N. Dadha ..	„ Nihalchand Nemichand ..	Chhatyally, Sholapur.
506	„ Nagappa Arleppa Abdulpurkar ..	Mr. Nagappa Arleppa Abdulpurkar.	Mangalwar Peth, Sholapur.

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER

No.	Representative.	Member.	Address.
507	Mr. N. B. Kadadi ..	Messrs. Nagappa Kadadi ..	Chattygally, Sholapur.
508	„ N. R. Kembhavi ..	Mr. N. R. Kembhavi ..	Banker & Merchant, Bijapur.
509	„ Uttamchand Chunilal ..	„ Uttamchand Chunilal ..	Cotton Merchant & Commission Agent, Bijapur.
510	„ Ramjanally Haji Abdul- karim Kasum	Mr. Ramjanally Haji Abdul- karim Kasum	Islam Club Bldg., Chowpatty, Bombay
511	„ Mohanlal Chakubhai ..	Messrs. Sha Dungersi Gangji ..	Two Tanks, Duncan Road, Bombay.
512	„ Harilal J. Trivedi ..	„ Chhaganlal Khimji & Co.	Duncan Road, Bombay.
513	„ Manilal Nanchand ..	„ Sha Mohanlal Nanchand & Co.	Duncan Road, Bombay.
514	„ Virji Devshi ..	„ Jethabhai Gopalji & Co.	Duncan Road, Bombay.
515	„ Raghubar Dayal Meattle	„ Jugalkishore Mukatlal ..	178-80, Kalbadevi Road, Bombay.
516	„ Premji Keshavji ..	Mr. Premji Keshavji ..	Opp. Railway Station, Surat.
517	„ Soorsinh Laljee ..	Messrs. Lalji Mooljee ..	Barsi Town.

518	Mr. Purshottambhai Surchand	Messrs. Purshottam Surchand	Mangaldas Rd., Princess, St. Bombay.
519	„ Vissanji Nanchand	Mr. Vissanji Nanchand	Two Tanks, Duncan Road, Bombay.
520	„ Govindramji	Messrs. Govindram Sekhsaria	Bansilal Abeerchand Bldg., 18, Marwari Bazar, Bombay.
521	„ Jetha Monsey	„ Sha Lalji Jetha & Co.	Bhat Bazar, Bombay.
522	„ Gordhandas Jamnadas	„ Gordhandas Jamnadas & Co.	Jenabai Bldg., Musjid Bunder Road, Mandvi, Bombay.
523	„ J. D. Chandriani	„ International Radio Co.	Hornby Road, Post Box, 486, Bombay
524	„ Shriman Shripat	„ Shripat, Gordhandas & Sons.	C/o M/s. Killick Nixon & Co., Home Street, Fort, Bombay.
525	„ Haridas Madhavdas	„ Madhavdas Amersey & Co.	65, Esplanade Road, Fort, Bombay.
526	„ Hemraj Anandilal	„ Anandilal Hemraj & Co.	32, Marwari Bazar, Bombay.
527	„ Harbilas Shambhooram	„ Harbilas Gangadutt	220/24, Kalbadevi Road, Opp. Nar Narayan Temple, Bombay.
528	„ Gangaram Agarwala	„ Shivdanmal Agarwala	336/B, Surajmals' Chawl, Kalbadevi Road, Bombay.
529	„ Parmeshwarlal Duwarkadass	„ Basantlal Gorakhram	Marwari Bazar, Bombay.
530	„ Ratansey Karsondas	„ Madhavsinh & Co.	Two Tanks, Duncan Road, Bombay.

No.	Representative.	Member.	Address.
531	Mr. Hansraj Goculdas	Messrs. Mathuradas Kanji	9, Wallace Street, Fort, Bombay.
532	„ Ghelabhai Soonderji	„ Monji Soonderji	71/73, Chakla Street, Bombay.
533	„ Chandulal Kalidas Shah	Mr. Chandulal Kalidas Shah	653, Gandhi Road, Ahmedabad.
534	„ Chandulal Bapalal Chokshi.	„ Chandulal Bapalal Chokshi.	Dhana Sutar's Pole, Kalupur, Ahmedabad.
535	„ Chhabildas V. Gajjar.	Messrs. Mistry & Gajjar (India) Ltd.	Kapasia Bazar, Railwaypura Post, Ahmedabad.
536	„ Hiralal N. Desai	„ H. Desai & Co.	Khadia, Golvad, Ahmedabad
537	„ Nandlal Chhaganlal	„ Dharamsi Dinkar Rau & Nandlal	Dean Lane, Fort, Chambers, Bombay.
538	„ Dinshawjee Pestonjee	„ Pestonjee Meherwanjee	Cotton Commission Agents, Jalna, (Dn.)
539	„ Mahadeo A. Dhoria	„ Anand Jetha & Sons.	467, Elphinstone Road, Kirkee.
540	„ Chandulal T. Shah	„ C. T. Shah & Co.	12, Rampart Row, Fort, Bombay.

541	Mr. Nagappa Arleppa Abdul-purkar.	The Sholapur Kapad Vyapari.. Sangh.	Mangalwar Peth, Sholapur.
542	„ Nemidas Dewjee Tokarsee	Mr. Nemidas Dewjee Tokarsee	C/o M/s. Dewjee Tokarsee & Co. Bhat Bazar, Bombay.
543	„ M. M. Mundkur ..	The Bombay Fire & General .. Insurance Co., Ltd. ..	45-47, Churchgate Street, Fort, Bombay.
544	„ Ramdas Girdhardas ..	Messrs. Ramdas Girdhardas & Co.	M. J. Market, Ghadial Gulli, Bombay.
545	„ Gordhandas Jadavji ..	„ Doongarsi Gangji & Co.	84, Musjid Bunder Road, Bombay.
546	„ S. D. Prabhavalkar ..	Mr. S. D. Prabhavalkar. ..	17, Elphinstone Circle, Fort, Bombay
547	„ Dorab Framji Kapadia ..	„ Dorab Framji Kapadia	24, Walkeshwar Road, Malbar Hill, Bombay.
548	„ Dungarsi Ravjee ..	Messrs. Ravjee Dhanjee & Co.	Clive Road, Dana Bunder, Bombay.
549	„ Jamnadas M. Rajput ..	Allied Advertising Association of India.	Commissariat Bldg., 231, Hornby Road, Fort, Bombay.
550	„ Nariman D. Adenwalla ..	Messrs. Nariman D. Adenwalla & Co.,	418, Chhotalal Bhuvan, Kalbadevi Road, Bombay.
551	„ Sarabhai Dahyabhai ..	Mr. Sarabhai Dahyabhai Sheth.	Ratan Pole, Ahmedabad.
552	„ Amarsey Jinabhai Bhim-jiani.	Messrs. Thomas & Co. ..	45-47, Apollo Street, Fort, Bombay.

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER

No.	Representative.	Member.	Address.
553	Mr. Shankerlal Keshavlal -Trivedi.	Messrs. Amritlal Ojha & Sons. . .	Rahman Buildings, Churchgate Street, Fort, Bombay.
554	Jal Hirji Taraporevala . .	Mr. Jal Hirji Taraporevala . .	C/o M/s. D. B. Taraporevala Sons & Co, 210, Hornby Road, Fort, Bom,
555	Chhotalal Dharamsi Joshi : ≡	Messrs Becharadas Govindji & Co.	106, Bhandari Street, Bombay.

RULES AND REGULATIONS OF THE INDIAN MERCHANTS' CHAMBER

(As amended upto 28th April 1936.)

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|-----------------|---|
| Name. | 1. The Association shall be styled,
"The Indian Merchants' Chamber." |
| Office. | 2. The office of the Chamber will
be situate in Bombay. |
| Objects. | 3. The objects for which the
Chamber is established are:— <ul style="list-style-type: none">(a) To encourage friendly feeling and unanimity among business community on all subjects connected with the common good of Indian merchants.(b) To secure organised action on all subjects relating to the interests of the Indian business community directly and indirectly.(c) To promote the objects of the Indian business community in matters of inland and foreign trade, shipping and transport, industry and manufacture, banking and insurance.(d) To collect and disseminate statistical and other information securing the promotion of the objects of the Chamber, and to make efforts for the spread of commercial and economic knowledge.(e) To take all steps which may be necessary for promoting, supporting or opposing legislation or other action affecting the aforesaid interest by the Government or any Department thereof or by any local body or bodies and in general to take the initiative to secure the welfare of the business community in all respects, |

- (f) To make representations to Local, Central or Imperial authorities, Executive or Legislative, on any matter affecting trade, commerce, manufacture or shipping, banking or insurance.
- (g) To undertake by arbitration the settlement of commercial disputes between merchants and businessmen and also to provide for arbitration in respect of disputes arising in the course of trade, industry or transport, and to secure the services of expert technical and other men to that end if necessary or desirable.
- (h) To advance and promote commercial and technical education and to found and support establishments and institutions for such purposes.
- (i) To undertake special enquiries and action for securing redress for legitimate grievances of any branch of trade or industry as also all such other action as may be conducive to the extension of trade, commerce or manufacture or incidental to the attainment of the above objects.
- (j) To secure the interests and well-being of the Indian business communities abroad.
- (k) (i) To secure, wherever possible, organised and/or concerted action on all subjects involving the interests of members including 'regulating conditions of employment of industrial labour' in various industries represented by the members of the Organisation.
- (ii) To nominate delegates and advisers, etc. to represent the employers of India at the Annual International Labour Conferences of the League of Nations.

- (iii) To take up, consider and formulate ideas on the subjects which are on the Agenda of each International Labour Conference.
- (iv) To take all steps which may be necessary for promoting, supporting or opposing recommendations or conventions of the International Labour Conference.
- (l) And generally to do all that may be necessary in the interests of the realisation of the above objects of the Chamber directly or indirectly.

4. There shall be three classes of members :—

Members.

(1) Ordinary, (2) Patrons and (3) Honorary.

(1) There will be three classes of Ordinary Members :—

- (a) Residents of Bombay and its suburbs who will have to pay *in advance* Rs. 75 as annual subscription ; but Joint Stock Companies will have to pay *in advance* Rs. 100 per year.
- (b) Mofussil members who will have to pay *in advance* Rs. 75 as annual subscription.
- (c) Associations which will have to pay *in advance* Rs. 125 as annual subscription.

Admission Fee :—All the ordinary members and patrons will have to pay *in advance* Rs. 50 as admission fee which will be credited to a capital fund of the Chamber and shall not be expended on revenue account except with the consent of the General Body.

- (2) **Patrons:** Indian firms or individual Indian merchants can join as Patrons. Firms will have to pay Rs. 5,000 and individuals Rs. 2,500 as donation, the proceeds of which will be credited to a capital fund which shall not be

expended on revenue account but the interest whereof shall be taken to revenue account.

- (3) *Honorary Members:* Gentlemen distinguished for public services or eminent in commerce and manufactures or otherwise interested in the aims and objects of the Chamber may be elected as Honorary Members by a General Meeting of the Chamber by two-thirds of the majority of members present at the meeting on the recommendation of the Committee and as such shall be exempted from paying subscriptions. They shall not be entitled to vote at any meeting of the Chamber nor shall they be eligible to serve on the Committee.

Eligibility for membership of the Chamber. 5. Any Indian gentleman, firm or association engaged in mercantile pursuits or interested in trade and commerce desirous of joining the Chamber shall be eligible for membership.

Election of members. 6. The applicant, whether an individual, a firm or an association, shall sign the admission form giving details of business, etc., and send it to the Secretary, with signatures of proposer and seconder, who must be members of the Chamber. This application shall be submitted to the Committee, who shall appoint a Scrutineer. Names of all such applicants, with names of their proposers and seconds, during the month shall be put up on the notice board of the Chamber in the first week of the following month and they shall be there for one whole week. During this period members of the Chamber shall come to the office of the Chamber between 11 A.M. and 5 P.M. (S.T.) and register their votes either for or against the inclusion of such applicants as members of the Chamber. At least five per cent of the members of the Chamber must register their votes to make the ballot valid. The presence in the ballot box of one negative vote shall cancel six positive votes. If an applicant or applicants gets or get twelve negative votes, he or they shall not be elected. On the seventh day

the ballot-box shall be opened at 5 P.M. (S.T.) by the Scrutineer and the Secretary, who shall declare the result of the ballot.

7. Members wishing to resign shall give written notice
Resignation. to the Secretary.

8. A member shall be deemed to be disqualified if :—
Disqualifica- (a) He becomes an insolvent.
tion of mem- (b) He fails to discharge his subscription
bers. for a period extending over twelve months.

9. A member of the Chamber shall be entitled :—
Privileges of (a) To obtain gratis publications of the
members. Chamber.
(b) To the free use of the Chamber's library.
(c) To vote at all meetings of the Chamber or on any matter referred to the General Body of members by circular.
(d) To be elected as an office-bearer of the Chamber.

10. There shall be held a general meeting of members, which shall be called the Annual Ordinary General Meeting within a month of the 31st December when the official year of the Chamber closes (provided that the Committee can extend the period upto a fortnight by a special resolution), to transact the following business :—
Meetings of

- (a) To receive the Annual Report of the retiring Committee and the audited statement of accounts of the Chamber.
- (b) To record the declaration of the result of election of office-bearers for the ensuing year.
- (c) To elect an auditor for the ensuing year.
- (d) To transact such other business of which notice may have been given by a member five clear days before the date fixed for the Ordinary General Meeting, and of which the

Secretary will have given notice to the General Body of members by post or otherwise two days before the date of the meeting.

There shall be held during the course of the year in addition to the Annual Ordinary General Meeting three other ordinary meetings when a resume of the work done during the previous quarter will be supplied to members.

A Special General Meeting of members may also be called whenever the Committee think fit; and the Committee shall also call a Special General Meeting on the requisition in writing of at least ten members of the Chamber stating the object of the meeting.

At least three days' clear notice shall be given to members specifying the day, place, hour and objects of the meeting even when the Special General Meeting is convened by the Committee.

Ten days' clear notice of all other General Meetings, whether ordinary or special, shall be given to members specifying the day, place, hour and object of the meeting. Such General Meetings will also transact such other business of which notice has been given by a member five clear days before the date fixed for the meeting and of which the Secretary has given notice either by post or otherwise to the General Body of members two days before the date of the meeting. |||

11. Fifteen members shall be deemed a quorum for a General Meeting whether Ordinary or Special.
Quorum. No business can be transacted at any General Meeting, whether Ordinary or Special, if within 30 minutes of the hour specified for the meeting no quorum is formed. In that case the meeting shall stand adjourned to such date, hour and place as the members present at the meeting may fix.

12. An adjourned meeting can transact the business for which it is called without the necessary quorum.
Adjourned meeting.

Chairman. 13. The Chairman of the Committee shall preside at at every General Meeting or the Vice-Chairman in his absence. In the case of the absence of the Chairman as well as the Vice-Chairman, the members present may vote one from among themselves to take the Chair.

Voting at meeting. 14. Every resolution submitted to the meeting shall be decided by a show of hands. In the case of equality of votes the Chairman shall have a casting vote in addition to his own vote. Each member has the right to speak and vote on any subject which may be submitted for consideration at any General Meeting provided that a firm or association having more than one member shall have one vote only though its several members may be present at the meeting and take part therein.

Managing Committee. 15. At every Annual Ordinary General Meeting there shall be elected a Committee to carry out the objects of the Chamber, consisting of the Chairman, the Vice-Chairman, and twenty-three members.

Vacancy on the Committee. 16. The Committee shall fill up any vacancy of an ordinary member thereof occurring during the year.

Non-attendance of a member of the Committee without the previous permission of the Committee at meetings of the Committee for three months consecutively will be considered a disqualification for his membership of the Committee and his office shall be considered vacant for the purposes of this rule.

The Secretary will send a reminder to a member of this rule if he has absented himself for two months without the required permission.

Vacancy in the office of the Chairman or the Vice-Chairman. 17. Any vacancy during the year in the office of the Chairman or the Vice-Chairman created by resignation shall be filled up by election in accordance with Rule No. 26.

The Chairman and/or the Vice-Chairman can get from the Committee leave of absence from the work

of their offices for a period not exceeding four months, whether the leave is to be enjoyed in or outside India; during such absence of the Chairman the Vice-Chairman shall act as Chairman, and during such absence of the Vice-Chairman, the Committee shall appoint the acting Vice-Chairman from amongst themselves.

Retirement of the Committee. 18. The Committee shall retire at the end of its term of office but shall continue in office till its successor is appointed.

Rules of the Committee. 19. The Committee shall frame its own rules for the purpose of regulating its proceedings which may be amended or altered or revised as it may deem expedient.

Secretary. 20. The Committee shall have the power to appoint a Secretary on such remuneration as it may deem proper and prescribe his duties and functions.

Account of the Chamber. 21. The Committee shall cause accounts of the Chamber to be kept and all receipts and funds shall be paid into such bank or banks as may be selected by it. Such accounts shall be regularly audited at the close of the year, and adopted at the Ordinary Annual General Meeting.

Meeting of the Committee. 22. The Committee shall meet at least once a month to dispose of all communications and reference and consider all matters which may be on the agenda.

Minute Book. 23. The Committee shall cause to be kept a book in which the minutes of the proceedings shall be regularly recorded.

If a member of the Chamber wishes to see this minute book he can do so after giving at least 24 hours' notice to the Secretary of the Chamber.

Sub-Committees. 24. After the commencement of a new official year, representatives of principal trades who are members of the Chamber shall be asked by the Committee to elect Sub-Committee of five members from amongst themselves. All questions relating

to these trades coming before the Committee during the course of the year shall be first referred to such Sub-Committee whose suggestions shall then be placed before the Committee. Such Sub-Committees shall be formed only for those trades which have at least ten representatives as members of the Chamber. The work of electing Sub-Committee shall ordinarily be done by the representatives themselves but they can have the assistance of the Secretary of the Chamber if they require it.

The Committee shall at their discretion appoint a Sub-Committee from among their members to consider and report upon such special matters as they may deem expedient and they shall also have the power to invite at their meeting persons other than members of the Chamber and the Committee to consult them or take their advice on such matters as may be deemed necessary.

25. The Secretary shall state in the Register of members of the Chamber names of individual members and of gentlemen who may be representing, for the time being, any members of the Chamber, whether associations, firms or corporations. All changes in the names of representatives, addresses, etc., shall have to be notified to the Secretary on or before the 31st December for purposes of election of the Committee. A list prepared on the basis of this Register will be called the Electoral Roll of the Chamber and shall be deemed as such not only for purposes of the election of the Committee but also for purposes of elections of representatives of the Chamber on various public bodies. For purposes of election of the Committee, only those whose names are thus registered on or before 31st December shall be entitled to vote; while for purposes of other elections the Secretary shall ask for any changes in the names of representatives, addresses, etc. as provided in the rules relating to those elections, and all such changes or additions or alterations or deletions will be notified to the members within the time specified in the rules for those elections. The elected gentlemen will be considered to be personally

**Register of
Members.**

elected as representing particular members, and on their places falling vacant through any reason a fresh election will be made according to the rules in force for the time being.

Any member of a firm or its representative, being on that account a member of the Chamber, on his severing the partnership or connection with the firm will no longer be a member of the Chamber.

This rule will not affect Rule 14.

This Register shall contain details regarding business of all members and shall also record the classified list of members according to different trades.

26. A list of members of the Chamber together with a list showing the attendance of members of the Committee at their meetings during the year shall be circulated by the Secretary amongst all the members before the 15th of January. Within a week of the receipt thereof nominations for Presidentship, Vice-Presidentship and membership of the Committee duly proposed, seconded and signed by the nominees shall be sent to the Secretary. The Committee shall, before the Annual General Meeting, fix a day which shall be prior to that Meeting, for the election of the members of the Committee and of the President and Vice-President. The Secretary shall prepare and publish a list of nominations received by him, and shall circulate the same amongst the members of the Chamber along with the intimation of the date fixed for the election of the Committee, at least three clear days before the date of election.

The retiring Committee shall appoint two Scrutineers, who must be members of the Chamber but shall not be candidates for election.

On the day of the election the ballot-box will remain open from 10 A.M. (S.T.) to 6 P.M. (S.T.) in the office of the Chamber. The voting papers shall be supplied to the members in the office of the Chamber who shall fill these

up and place them in the ballot-box. The President and the Vice-President shall be elected from among the nominations received for the Presidentship and Vice-Presidentship respectively, and 23 members shall be elected from among the nominations received for membership of the Committee. Votes recorded for a candidate for Presidentship or Vice-Presidentship will be *ipso facto* recorded for his election as a member of the Committee. The President and Vice-President shall be ex-officio members of the Committee. The counterfoils of these voting papers shall be signed by members and shall remain with the Secretary or an officer of the Chamber appointed by him. The Scrutineers shall seal the ballot-box as also the packet containing the signed counterfoils of voting papers at 6 P.M. (S.T.) on the day of the election and with the Secretary will open the ballot box on the day following the day of election and declare the result by putting up the same on the Notice Board of the Chamber over the Secretary's signature.

This procedure will not apply in the case of the mofussil members, that is to say, members paying Rs. 25 as annual subscription and registered as such in the Official Register of the Chamber. .

Voting papers shall be sent by Post to the mofussil members seven clear days before the date of election. The voting will be carried on in the following manner :—

Big and small printed envelopes addressed to the Secretary of the Chamber will be sent to the mofussil members with voting papers. Members will enclose their voting papers in the small envelope and then enclose both this envelope and a letter duly signed stating that the voting paper is sent by them in the big envelope and send this to the Secretary who shall open it, placing the letter with the signature in one box and the small envelope containing the voting paper, which shall be unsigned, in the ballot-box. This ballot box shall be opened by the Scrutineers

with the Secretary along with the ballot-box for the local members on the day of scrutiny, and all the voting papers will be scrutinised together.

Those who have obtained the highest number of votes shall be deemed to be duly elected. But in the event of refusal to serve on the part of any one or more of them, the member or members who has or have obtained the next highest number of votes shall be considered to be elected in his or their place. The new Committee shall take office on the first day succeeding the holding of the Ordinary Annual General Meeting and they shall so continue to act until the holding of the next Ordinary Annual General Meeting. A member or members of the Chamber representing it in the Indian Legislative Assembly, the Bombay Legislative Council, the Bombay Port Trust, the Bombay Municipality, and the like public bodies will be ex-officio members of the Committee if they are not already members of the same. Such ex-officio members shall not, however, be precluded from contesting the general election.

- (a) The new Committee shall co-opt, out of the General Body of members, 40 (forty) per cent of the Association Members.

(Note.—For the purpose of calculation under this rule, fractions will be ignored).

- (b) The new Committee shall further co-opt three ordinary members, who in their opinion will prove useful to them for consultation.

Such co-opted members will be elected by the Committee at their first meeting by ballot from among the members proposed at the meeting by members of the Committee.

27. In the case of equality of votes recorded for the election of the Chairman or Vice-Chairman or both, the Committee will invite a second ballot as to who shall be elected. In the case

of equality of votes recorded for members of the Committee lots will be drawn and the election be declared in favour of the member who draws the lot.

28. Any person resident out of Bombay, engaged or interested in mercantile pursuits, visiting
Visitors. Bombay may be introduced as a visitor by any member of the Chamber who has previously obtained permission of the Chairman or in his absence the Vice-Chairman, through the Secretary, provided that a residence beyond one month shall subject such visitors to the rules for the admission of members.

29. All moneys or funds of the Chamber shall be primarily paid into the hands of the
Funds of the Chamber. Secretary who shall pay the same into an account to be opened with any bank that may be approved by the Committee in the name of the Chamber. All cheques on that account shall be signed by the Chairman or in his absence by the Vice-Chairman for the time being and a member of the Committee. In the absence of both the Chairman and the Vice-Chairman cheques shall be signed by two members of the Committee.

All cheques shall be countersigned by the Secretary.

30. The Chamber reserves to itself the right of expelling any member in case he does
Expulsion of members. any act or pursues any conduct that is either in contravention of the rules of the Chamber or detrimental to its credit or is in any way injurious to its welfare and interest or by any other good and sufficient reason it is thought desirable to remove him from his membership of the Chamber. But action on that behalf shall only be taken on the resolution of a General Meeting whereat four-fifth of members present have voted in favour of the proposal.

31. The foregoing rules and regulations shall be copied in a book to be kept with the records

**Alteration in
Rules and
Regulations.**

of the Chamber. Printed copies of the same shall be forwarded to all the members and no alteration or addition shall be made therein or thereto save and except by a majority of three-fourth of the members of the Chamber present at a General Meeting convened by a notice issued at least seven clear days before the holding of such a meeting and in which all the terms of proposed alterations or additions shall have been clearly set forth.

**Rules of the Court of Arbitration
of the Chamber**

As it is desirable that there should be a tribunal for the speedy disposal of disputes and differences arising between merchants, the Indian Merchants' Chamber has adopted the following Scheme :—

1. There shall be a court of Arbitration working under the supervision and guidance of the Chamber.

2. The Council of the Chamber shall prepare a list of not less than sixty persons who having consented to do so shall form the Court of Arbitration. Whenever called upon a member or members shall solely or jointly constitute a tribunal for the disposal of a case referred to him or them.

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3. There shall be a Committee of five members elected by the Court from among themselves who shall regulate the appointment of arbitrators by the parties for the tribunal, preparing and revising rules of procedure and preparing tables of fees to be charged and paid.

4. This Committee shall be a permanent body but so that two members thereof shall retire every year and whose places shall be filled up by the Court. The retiring members shall be eligible for re-election.

5. In electing members of the Court, the Council of the Chamber shall have regard to the recommendation

of the Chambers of Commerce and Trade Associations affiliated to this Chamber.

6. The Secretary of the Chamber shall be the Registrar of the Court. It shall be his duty to act as Secretary of the Court, its Committee and its tribunal and keep records and do all the executive work of the Court.

7. The rules of the Indian Arbitration Act of 1899, and Schedule 2 of the Civil Procedure Code of 1908 (Arbitration) will apply to the arbitrations under these rules except as modified by them.

8. The disputants who wish to take advantage of this scheme shall execute a reference paper in the form prepared by the Committee of the Court and file the same with the Registrar.

9. The Registrar will place reference papers before the Committee of the Court. Parties should nominate arbitrators and in case of their failure to do so within a week from the day of filing reference, the Committee of the Court shall appoint two arbitrators, and direct to procure their consent to act in the tribunal. This having been obtained and the tribunal constituted the Registrar shall fix a day for the trial and give notice thereof to the parties.

10. On the day fixed for trial and before they commence it the Arbitrators, if they are more than one, between themselves fix upon an Umpire who should take up the arbitration in case of the difference of opinion between the arbitrators. This name shall not be disclosed but shall be written on a paper, put in an envelope and sealed. The envelope shall be handed over to the Registrar who will open it only in case of difference of opinion and thereupon immediately request the Umpire to take up the matter.

11. The arbitrators may take oral or documentary evidence, hear parties or their agents, may take expert

advice and do everything to come to a right decision of the case.

12. Within one month from the filing of the reference, or such further time as they may extend, the arbitrators shall prepare a written award, sign the same in the presence of the Registrar and hand over the same to him.

13. The arbitrators in their decisions may by writing extend the time to make their award but in no case it will be later than three months from the date of reference. If they fail to make the award within the time prescribed, the Registrar shall forthwith request the Umpire to take up the matter.

14. The Umpire shall make his award within a fortnight from the day he takes it up provided he extends the time to do so by writing, but such shall not exceed two months from the day on which he has taken up the matter. If he fails to give his award during that time the arbitration shall lapse and the parties may put in a fresh reference.

15. The parties to an arbitration shall pay to the Registrar such fees as may from time to time be fixed by the Committee of the Court.

16. The arbitrators of a tribunal or an Umpire are entitled to such fee or fees for their services as may be fixed by the Committee of the Court.

**Rules prepared by the Committee of the
Court for carrying on the work
of the Arbitration Court.**

1. The provisions of Act IX of 1899 (Arbitration), will apply to all the arbitration made to this Court under its rules.

2. Under these rules the word "The Court" means the Court appointed by the Committee to the Arbitration Court.

3. The disputants shall prepare a submission paper in the form (1) of the Indian Arbitration Act, copies whereof will be supplied by the Registrar on payment of anna one.

4. The submission paper shall state :

- (a) The name of disputants made over in several numbers and arranged as far as practicable as Plaintiffs and Defendants.
- (b) Each party shall mention in short the facts of his case.
- (c) Specify the name of the sole Arbitrator or two Arbitrators as the case may be to whom the submission would be made.
- (d) Specify whether the Arbitrator or Arbitrators have consented to take up the arbitration.
- (e) A statement showing that the party shall abide by the award made by the Arbitrator or Arbitrators or the Umpire unless it is bad in the Law.
- (f) Specify that they have paid Rs. 20 to the Registrar at the time of the submission paper or in case of more arbitrators than one, Rs. 20 for each arbitrators named.
- (g) The disputants who are not members of the Chamber shall pay double the fees mentioned in Schedule.

5. On receipt of the reference paper, the Registrar shall fix a day for the hearing of the case and give notice to the Arbitrators and the parties. In case any of the Arbitrators refuses to act, the Committee shall be called upon to nominate an Arbitrator in his place who after signifying his consent will at once take up the matter.

6. The Registrar shall issue notices to the parties to appear before the Arbitration Court with the papers proving their case and the witnesses, if any.

7. The Court before proceeding with the case and if the Arbitrators are more than one shall write down the name of the Umpire in case of their disagreement, and place the paper in an envelope, seal it and hand it over to the Registrar. The name shall not be mentioned to any person until on the opening of the envelope, by the Registrar as hereinafter provided.

8. The Arbitrators shall hear the parties and their witnesses, consider the documents produced and thereafter adjourn to consider their award.

9. Within the time fixed by the Court Rule XII and within such extended time as may be fixed by the Court but in no case more than three months from the date of the submission the Arbitrators shall sign their award in the presence of the Registrar who will attest the same and file it.

10. The Arbitrators shall in the arbitrations make provision for the costs and the proportion in which and by whom and to whom to be paid.

11. If the hearing lasts for more than one day of two hours at a time the arbitrators may fix upon the amount of the Court's costs to be paid per diem by the parties.

12. If the arbitrators do not agree as to the award the non-agreement shall be notified to the Registrar who will open the sealed envelope and will at once refer the matter of difference to the Umpire who will make his award within the time prescribed by Rule XIV of the Court's Rules.

13. When the award is made by the Umpire the same shall be signed by him in the presence of the Registrar who will attest it and file it.

14. The Registrar shall within four days from the filing of the award give notice to the parties and, when applied for, give a copy of the same to him or them,

15. The fees fixed in the Schedule annexed hereto shall be charged under these rules.

SCHEDULE

- (1) Fee to be tendered with the Reference paper Rs. 20 for each Arbitrator named in the Reference paper and a fee of Rs. 30 shall be tendered for the Umpire in case the matter is referred to the Umpire provided that Rs. 5 shall be deducted from all such fees as fees due to the Chamber.
- (2) The parties before they enter upon hearing shall deposit Rs. 50 for making and stamping the award which will be accounted for at the time of filing the award.
- (3) The party applying for copy of the award shall pay full stamps required to be paid under the Stamp Act and the copying charges.

Rules for the Election of Port Trustees by the Chamber

(Adopted at the Extraordinary General Meeting of the Chamber held on Wednesday, the 28th February 1923)

1. The Electoral Roll of the Chamber shall be prepared by the Secretary, giving particulars regarding the respective trade of each member provided that the name of each member shall be entered under any one of the following trade sections as he may select, viz., (1) Cotton, (2) Piecegoods, (3) Grain and Seeds, (4) General. No member, after once selecting a particular section, shall be allowed to get his name transferred to another section except for special reasons, and the Committee shall decide as to the validity of such reasons. Protests, if any, against the allocation of a member to a particular trade will be examined by a Sub-Committee consisting of two members appointed by the Committee and the Secretary (whose decision shall be final), on any such

date as may be fixed by them. Changes regarding other items in the Electoral Roll shall be notified to the Secretary, within three days of the issue of the circular inviting nomination papers from members desirous of standing as candidates for the election of Port Trustees (as provided in Rule 3) and the Electoral Roll shall be amended accordingly. No vote by proxy shall be allowed.

2. Candidates for the election as Port Trustees, as well as voters should be members of the Chamber, or duly nominated representatives of the members of the Chamber, with their names registered as such in the Register of members of the Chamber and the Electoral Roll provided that candidates must always be Indians.

3. The Committee of the Chamber shall, as and when necessary, invite applications from members for election as Trustees of Port of Bombay and shall fix the date on which the election shall be held provided that there shall be the following allocation of seats to different trade interests :—

<i>Trade</i>				<i>Seats</i>
Cotton	..	..	..	1
Piecegoods		..	..	1
Grain and Seeds	..		..	1
General	..		..	2

There may be any number of candidates from each of these sections but only the number allotted to each shall be elected.

4. Any member desirous of standing as a candidate for the election shall signify in writing such his desire to the Secretary seven clear days before the date fixed for the election, and send his nomination signed by his proposer and seconder who must be members of the Chamber stating what particular section he represents provided that he shall be allowed to stand on behalf of that particular section which has been specified against his name in the Electoral Roll under Rule No. 1.

5. If the number of candidates for election for different sections shall be the same as the number of vacancies, the candidates shall be deemed to be duly elected.

6. If the number of candidates for election for different sections shall exceed the number of vacancies, the Secretary shall send the names of such candidates to each member of the Chamber, three clear days before the date fixed for the election, giving particulars regarding the trade which each candidate represents.

7. The Committee of the Chamber shall appoint two Scrutineers for the scrutiny of the voting papers at least seven clear days before the date of the election.

8. On the day of the election, the ballot-box will remain open from 10 A.M. to 6 P.M. (S.T.) in the office of the Chamber. Voting papers will be supplied to members of the Chamber in the office of the Chamber and members will fill these up and place them in the ballot-box. The counterfoils of these voting papers shall be first signed by members which shall be retained by the Secretary. The ballot-box will be in charge of the Secretary or an officer of the Chamber appointed by him. Scrutineers will seal the ballot-box at 6 P.M. (S.T.) on the day of the election and after scrutinising the voting papers shall on the day following along with the Secretary declare the result. No duplicate voting paper will be issued unless the original is returned. Candidates and their agents shall not be allowed in the room in which the ballot-box is placed, excepting for the purpose of registering their own votes.

9. The candidate or, where there is more than one Trustee to be elected for the different sections, the candidates not exceeding the number of Trustees to be elected who has or have the largest number of votes shall be declared duly elected.

10. In the event of an equality of votes preventing the due election of any of the candidates, the members

shall vote afresh in the manner above laid down in respect of the candidates having an equal number of votes.

11. In the event of a casual vacancy or temporary absence of a Trustee, the same course shall be followed in the appointment of a substitute.

12. *If a candidate is desirous of withdrawing his candidature from the election contest, he should give intimation of his withdrawal to the Secretary so as to reach him at least 48 hours before the day of Election.

13. *In case of difference of opinion or a dispute between the candidates for election the matter should not be taken to the Court but should be referred to the Committee. The candidates should not make personal allegations during their election campaigns.

(*Added at the Quarterly General Meeting of the Chamber held on 27th July 1929).

Rules for the Election by the Chamber of a Representative on the Bombay Municipal Corporation

*(Adopted at the third Quarterly General Meeting of the
Chamber held on 11th November 1922)*

(1) Candidates for the election as a Corporator of the Bombay Municipality, as well as voters therefor, should be members of the Chamber or representatives deputed by member-firms or member-associations (whose names should be duly notified to the Secretary of the Chamber from time to time) provided that candidates must always be Indians.

(2) Those members who wish to become candidates in conformity with Rule 1 should send their names to the office of the Chamber twelve clear days before the date fixed for the election together with the names of proposers and seconders.

(3) The Committee of the Chamber shall elect two Scrutineers at least seven clear days before the date fixed for the election.

(4) The Secretary of the Chamber shall circulate the names of candidates at least seven clear days before the date fixed for election.

(5) The Committee shall fix a day (notice thereof shall be given to all the members of the Chamber) on which the ballot-box will be kept open from 10 A.M. to 6 P.M. (S.T.). Voting papers will be provided to the members in the office of the Chamber and the members will be required to place them, duly filled in the ballot-box. The slips containing the signature of the members voting will be placed in another box. Both these boxes will remain in charge of the Secretary or other officer of the Chamber appointed by him. At 6 P.M. (S.T.) on the date of the election the Scrutineers shall seal the ballot-box and on the next day after scrutinising the voting papers declare the result of the election. A fresh voting paper will only be issued on return of the original one. It shall not be open to the candidates or to their agents to enter the room containing the ballot-box except for the purposes of recording their votes, nor will they be permitted to arrange refreshments in connection with the election.

(6) The candidate who gets the highest number of votes, shall be declared duly elected.

(7) In the event of two or more candidates getting an equal number of votes, the election shall be held afresh in the manner above laid down in respect of candidates getting an equal number of votes.

(8) In the case of there being only one candidate, he shall be declared to be duly elected.

(9) In the case of a casual vacancy necessitating the election of a substitute, the election shall be made in the manner above laid down.

*(10) If a candidate is desirous of withdrawing his candidature from the election contest, he should give intimation of his withdrawal to the Secretary, so as to reach him at least 48 hours before the day of Election.

*(11) In case of difference of opinion or a dispute between the candidates for election the matter should not be taken to the Court but should be referred to the Committee. The candidates should not make personal allegations during their election campaigns.

(*Added at the Quarterly General Meeting of the Chamber held on 27th July 1929).

**Rules for the Election of a Representative of the
Indian Merchants' Chamber to the Senate of
the Bombay University under
Act IV of 1928**

*(Adopted at the Extraordinary General Meeting of the
Chamber held on 12th February 1929)*

1. The list of Members of the Chamber in force one week before the election date shall be considered as the Electoral Roll, copies of which can be had from the Office of the Chamber on payment of Rupee One each. If any changes are required to be made in the name of representatives, etc., in the Roll, information in writing must be given to the Secretary by members one week before the date of election. No intimation received after the due date will be recognised.

2. Candidates for election should be members of the Chamber or representatives deputed by members provided they are always Indians.

3. Any member desiring to stand as a candidate should send his name to the office of the Chamber ten days before the date fixed for election together with the names of a proposer and a seconder, whose names appear on the Electoral Roll.

Any nomination paper which is not in conformity with these Rules shall be deemed invalid and rejected as such.

4. The Committee of the Chamber shall elect two Scrutineers at least five days before the date fixed for election.

5. If there is not more than one candidate for election, the candidate duly nominated shall be declared to be duly elected. If, however, there are more candidates than one, the Secretary shall send the names of all candidates to each member of the Chamber seven days before the date fixed for election.

6. The Committee shall fix a day (notice whereof shall be given to all members of the Chamber) on which the ballot-box will be kept open from 10 A.M. (S.T.) to 6 P.M. (S.T.). Voting papers will be provided to members in the office of the Chamber and members will be required to place them duly filled in the ballot-box. Counterfoils of the voting papers, which should be placed in another box, should be first signed by the voters. Both these boxes will remain in charge of the Secretary or other officer of the Chamber appointed by him. The Scrutineers will seal the ballot-box at 6 P.M. (S.T.) on the day of election, and shall on the next working day after scrutinising the voting papers, with the Secretary, forthwith declare the result. No Duplicate voting paper will be issued unless the original is returned.

7. Candidates or their agents shall not be allowed in the room in which the ballot-box is placed, except for the purpose of registering their own votes, and not more than one voter at a time shall be allowed in the room.

8. A candidate getting the highest number of votes shall be declared duly elected. In the event of two or more candidates getting the highest number of equal votes, the election shall be held afresh in the manner above laid down in respect of only those candidates who get highest number of equal votes, within five days of the declaration of the result.

If of the candidates who have secured an equal number of votes all but one withdraw from the contest and intimate in writing such withdrawal to the Secretary not less than two clear days before such a fresh election, the remaining candidate will be declared to be duly elected.

9. *If a candidate is desirous of withdrawing his candidature from the election contest he should give intimation of his withdrawal to the Secretary, so as to reach him at least 48 hours before the day of Election.

10. *In case of difference of opinion or a dispute between the candidates for election, the matter should not be taken to the Court but should be referred to the Committee. The candidates should not make personal allegations during their election campaigns.

(*Added at the Quarterly General Meeting of the Chamber held on 27th July 1929).

CHAIRMEN OF THE INDIAN MERCHANTS' CHAMBER

- 1907—13 The Hon. Sir Manmohandas Ramji.
- 1913—14 Sir Purshotamdas Thakurdas, C.I.E., M.B.E.
- 1914—15 Sir Fazulbhoy Currimbhoy, C.B.E.
- 1915—16 The Hon. Sir Dinshaw Edulji Wacha.
- 1916—17 Sir Lallubhai Samaldas, C.I.E.
- 1917—18 Sir Vithaldas D. Thakersey.
- 1918—19 Sir Chunilal V. Metha, K.C.S.I.
- 1919—20 Mr. Jehangir Bomanji Petit.
- 1920—21 Mr. Lalji Naranji.
- 1922 Sir Purshotamdas Thakurdas, C.I.E., M.B.E.
- 1923 Sir Fazulbhoy Currimbhoy, C.B.E. (from
24-2-23 to 3-9-23)
Mr. Devidas Madhowji Thakersey (from 4-9-23
to 25-1-24).
- 1924 The Hon. Sir Manmohandas Ramji.
- 1925 The Hon. Sir Phiroze C. Sethna, O.B.E.
- 1926 Mr. Lalji Naranji.
- 1927 Mr. Walchand Hirachand.

1928 Sir Shapurji B. Billimoria, Kt., M.B.E., (from 31-1-28 to 20-3-28).

Mr. H. P. Mody (from 30-3-28 to 17-7-28) and
Mr. L. R. Tairsee (from 28-7-28).

1929 Mr. L. R. Tairsee.

1930 Mr. Hooseinbhoy A. Lalljee.

1931 Sir Chunilal V. Metha, K.C.S.I.

1932 Mr. B. N. Karanjia (till November).

Mr. Mathuradas C. Matani (November to January).

1933 Sir Manmohandas Ramji.

1934 Mr. Mathuradas Vissonji.

1935 Mr. Manu Subedar.

Secretary: J. K. Mehta.

Asst. Secretaries : Mr. A. H. Maru and
Mr. A. C. Ramalingam.

CHAMBER'S REPRESENTATIVES ON PUBLIC BODIES

Representative in the Legislative Assembly

Mr. Mathuradas Vissonji, M.L.A.

Representative in the Bombay Legislative Council

Mr. Laxmidas R. Tairsee.

Representatives on the Board of Trustees of the Port Trust

1. Sir Purshotamdas Thakurdas, C.I.E., M.B.E.,
(Cotton).
2. Mr. Gordhandas N. Morarji (Piecegoods).
3. Mr. Ratilal Gandhi (Grain and Seeds).
4. Mr. A. D. Shroff (General).
5. Mr. Laxmidas R. Tairsee (General).

Representative on the Bombay Municipal Corporation

Raja Bahadur Govindlal Shivilal.

**Representative on the Advisory Committee of the Bombay
Development Department**

Mr. Manu Subedar.

Representative on the Indian Central Cotton Committee

Mr. Chunilal B. Mehta.

**Representative on the Advisory Committee of the Royal
Institute of Science in Bombay**

Mr. Kapilram H. Vakil.

**Representatives on the Local Advisory Committee of Railways
G. I. P. Railway :—**

Mr. Gordhandas G. Morarjee.

B. B. & C. I. Railway :—

Mr. R. P. Masani.

**Representative on the Panel of the Railway Rates Advisory
Committee**

1. Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E.
 2. The Hon'ble Sir Phiroze C. Sethna, O.B.E.
 3. Mr. Manu Subedar.
 4. Mr. Mathuradas Vissonji.
 5. Mr. M. C. Ghia.
-

**Representative on the Governing Body of the Indian Mercantile
Marine Training Ship 'Dufferin'**

Mr. M. A. Master.

Representative on the Senate of Bombay University

Prof. S. R. Davar.

Representative on the Tariff Control Committee (Bombay)

Mr. L. R. Tairsee.

Representative on the Board of Communications

Mr. K. S. R. Iyer.

Representative on the Indian Sailors Home Committee

Mr. M. A. Master.

Representative on the Board of the Bombay Telephone Co.

Mr. Mathuradas Vissonji.

Mr. J. K. Mehta, M.A., (Secretary).

Mr. A. H. Maru, Asst. Secretary.

Mr. A. C. Ramalingam „ „

LIST OF THE OFFICE-BEARERS FOR THE YEAR 1936

President : Mr. Rahimtoolla M. Chinoy.

Vice-President : A. D. Shroff.

Members (Elected):

1. Mr. J. C. Setalvad.
2. „ Mr. Manu Subedar.
3. „ Nagindas T. Master.
4. „ M. C. Ghia.
5. „ N. M. Raiji.
6. „ S. C. Majumdar.
7. „ Dhirajlal C. Modi.
8. Sir Chunilal V. Mehta, K.C.S.I.
9. Mr. Kasturbhai Lalbhai.
10. „ Keshavprasad C. Desai.
11. „ Amratlal Kalidas.
12. „ M. M. Amersey.
13. „ Bhawanji A. Khimji.
14. Dr. M. Venkatrao.

15. Mr. Thakorelal H. Vakil.
16. „ Nandlal M. Bhuta.
17. „ Mangaldas B. Mehta.
18. „ Jal A. D. Naoroji.
19. „ Sarabhai Prataprai.
20. „ Walchand Hirachand.
21. „ Purushotam Kanji.
22. Sir Sorabji N. Pochkhanawalla, Kt.
23. Mr. Chandulal P. Parikh.

Co-opted

1. Sheth Chaturbhuj Gordhandas.
2. Mr. Lachhmandas H. Daga
3. Sir Hormasji P. Mody, K.B.E., M.L.A.
4. The Grain Merchants' Association (Mr. Velji L. Napoo).
5. The Bombay Grain Dealers' Association (Mr. Khimji Madan Bhujpuria).
6. The Silk Merchants' Association (Mr. Behram N. Karanjia).
7. The Seeds Traders' Association (Mr. Ratilal M. Gandhi).
8. The Sugar Merchants' Association (Mr. Sankalchand G. Shah).
9. The Indian Insurance Cos.' Association (Mr. K. S. Ramchandra Aiyer).
10. The Bombay Kariana Merchants' Association (Mr. D. P. Tata).
11. The Bombay Shroff Association (Mr. Mohanlal A. Parikh).
12. The Maharashtra Chamber of Commerce (Mr. M. L. Dahanukar).
13. The Bombay Rice Merchants' Association (Mr. Fakhirmahomed C. L. Sajan).
14. The Swadeshi Market Committee (Mrs. Lilavati K. Munshi).

Ex-Officio

1. Mr. Mathuradas Vissanji, M.L.A. (Legislative Assembly).

2. Mr. Lakhmidas R. Tairsee, M.L.C. (Bombay Legislative Council).
3. Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E. (Bombay Port Trust).
4. Mr. Gordhandas G. Morarji (Bombay Port Trust).
5. Mr. Mathuradas Canji Matani (Bombay Port Trust).
6. Raja Bahadur Govindlal Shivilal (Bombay Municipality).
7. Prof. Soharab R. Davar (Bombay University Senate).
8. Mr. Chunilal B. Mehta (Indian Central Cotton Committee).
9. Mr. M. A. Master (Governing Body of I. M. M. T. S. 'Dufferin').
10. Mr. K. S. Ramchandra Aiyer (Bombay Board of Communications).
11. Mr. R. P. Masani (B. B. & C. I. Rly. Local Advisory Committee).
12. Mr. Kapilram H. Vakil (Royal Institute of Science).
Mr. J. K. Mehta, M.A. (Secretary).

LIST OF JOURNALS AND PERIODICALS RECEIVED IN THE LIBRARY OF THE INDIAN MERCHANTS' CHAMBER

Quarterly

1. Empire Cotton Growing Review.
2. Swedish Economic Review.
3. Finish Trade Review.

Bi-Monthly

1. The Yokohama Trade Review.
2. Industrial Safety Survey (International Labour Office).

Monthly

1. *Monthly Bulletin of Statistics issued by the League of Nations.

*Subscribed for by the Chamber.

2. International Conciliation.
3. London Chamber of Commerce Journal.
4. Monthly Journal of the Liverpool Chamber of Commerce.
5. " " " Manchester "
6. " " " Sheffield "
7. " " " Bradford "
8. " " " Nottingham "
9. " " " Northamptonshire "
10. Monthly Report on Current Economic conditions in Japan issued by the Tokyo Chamber of Commerce.
11. *National Geographic Magazine.
12. Indian Insurance.
13. Mercantile Guardian.
14. *International Labour Review.
15. Bombay Labour Gazette.
16. Engineering Progress.
17. Monthly Sea-borne Trade Returns of British India.
18. Monthly Returns of the Coasting Trade of British India.
19. Monthly Statistics of Cotton Spinning & Weaving in Indian Mills.
20. Trade at Stations adjacent to Land Frontier Routes.
21. Exports of Indian Artware and Sportsgoods.
22. Kathiwar Trade Statistics.
23. Raw Cotton Trade Statistics.
24. Joint Stock Companies.
25. Statistics of Import & Export trade in Cotton Yarn & Piecegoods of British India. (Issued by the Bombay Millowners' Association).
26. Statistics of Import & Export trade in Cotton Yarn & Piecegoods of the Bombay Presidency excluding Sind. (Issued by the Bombay Millowners' Association.)
27. *Modern Review.
28. *Asia.
29. American Exporter.

*Subscribed for by the Chamber.

30. The German Industrial Echo : Exporters' & Importers' Journal.
31. German Exporter.
32. Belgium Abroad.
33. Monthly Summary of the Foreign Commerce of the United States.
34. Swedish Exporter.
35. Indian Concrete Journal.
36. Monthly Review of the Lloyds Bank.
37. " " " National City Bank of New York.
38. " " " Barclays Bank.
39. " " " Midland Bank.
40. " " " Westminster Bank.
41. "Index"—(Svenska Handelsbanken, Stockholm).
42. World Trade. (International Chamber).
43. Ubersee Post.
44. Mysore Economic Journal.
45. Tisco Review.
46. N. Y. K. Travel Bulletin.
47. *Fortune (U.S.A.).
48. Indian Trade & Finance.
49. Financial Times.
50. Times (London) Trade & Engineering Supplement.

Weekly

1. *Economist.
2. *Statist.
3. *Indian Finance.
4. *Manchester Guardian Commercial.
5. Board of Trade Journal.
6. Indian Trade Journal.
7. Commerce Reports (U.S.A.).
8. Calcutta Commercial Gazette.
9. Industrial & Labour Information.
10. *Nation (U.S.A.).
11. Bombay Government Gazette.
12. Gazette of India.

*Subscribed for by the Chamber.

13. Social Order.
14. Servant of India.
15. Commerce & Industry.
16. Financial News.
17. *Harijan.
18. Swadeshi.
19. Weekly Market Report by Messrs. Premchand Roychand.
20. Indian Economist.

Occasional

1. Legislative Assembly Debates.
2. Council of State Debates.
3. Bombay Legislative Council Debates.
4. *Publications of the International Labour Office.
5. Indian Tea Statistics.
6. Indian Coffee Statistics.
7. Indian Agricultural Statistics.
8. Wholesale Prices of certain Staple Articles of Trade at Selected Stations in India.
9. Publications of the League of Nations.
10. Bulletins issued by the United States Bureau of Labour Statistics.
11. Bulletins issued by the Government of Bombay, Department of Industry.
12. Bulletins issued by the Government of Bombay, Agricultural Department.
13. Pamphlets issued by the Commonwealth of Australia Council of Agricultural Research.
14. Reports of Several Chambers of Commerce and other Commercial Associations.
15. Reports of Tariff Board.
16. Customs Tariffs of different nations as supplied by the Department of Commercial Intelligence and Statistics, Calcutta.
17. Publications issued by the Department of Commercial Intelligence & Statistics.
18. Review of Trade.

*Subscribed for by the Chamber.

19. Economic Forum (U.S.A.).

Gujerati Periodicals

1. Sahitya.
 2. Buddhi Prakash.
 3. Jnnan Vardhak.
 4. Khetivadi Vignan.
 5. Bhagyoday.
 6. Vaidya Kalpataru.
 7. Digambar Jain.
 8. Gujerati Punch (Weekly).
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28th Annual General Meeting

The 28th Annual General Meeting of Members of the Indian Merchant's Chamber was held on Friday, the 31st January 1936 at 5-30 P.M. (S.T.) to transact the following business:—

1. To receive the Annual Report of the retiring Committee and the audited statement of accounts of the Chamber for the year 1935.
2. To record declaration of the result of the election of office-bearers of the Chamber for the year 1936.
3. To appoint auditors for the year 1936.
4. To consider two resolutions notice of which had been given by Mr. Sarabhai Prataprai.

The following members were present:—

Mr. Manu Subedar (President).

Mr. R. Chinoy (Vice-President).

Mr. A. D. Shroff

„ Sarabhai Prataprai

„ N. S. Guzdar

„ R. P. Masani

„ M. M. Mandkar

„ K. M. Bhujpuria

„ B. S. Turkhad

„ J. H. Taraporevala

Mr. J. M. Rajput

„ Morarji Hemraj

„ K. C. Desai

„ M. C. Matani

„ D. C. Modi

„ Gordhandas G. Morarji

„ B. A. Khimji

„ Chaturbhuj Gordhandas

Mr. Sankalchand G. Dhah	Mr. Hemchand Mohanlal
„ P. J. Shroff	„ Chunilal P. Bhatt
„ Gordhandas Jeevandas	„ J. C. Setalvad
„ B. J. Modi	„ D. P. Tata
„ Anandji Kanji	„ N. M. Raiji
„ B. N. Karanjia	„ Ahmed Oomerbhoy
„ N. J. Shah	„ R. N. Bapasola
„ C. Lobo	„ Chunilal B. Mehta
„ S. C. Muzumdar	Dr. Kilimuddin
„ J. P. Mehta	Mr. S. N. Maniar
Mrs. Lilavati Munshi	„ Nagindas T. Master.
Mr. Vallabhdas Ranchhoddas	„ K. S. R. Iyer
„ Purshotamdas Popatlal	„ E. S. Patanvala
„ D. C. Vakil	Dr. M. Venkatrao
„ M. C. Ghia	Mr. R. C. Shroff
„ Ratilal M. Gandhi	„ N. M. Bhuta
„ L. R. Tairsee	„ J. J. Kapadia
„ Bhagwandas M. Ramji	

Mr. J. K. Mehta (Secretary).

1. The Secretary read the notice convening the meeting.
2. In placing before the meeting the report of the work done by the Committee during the previous year and the audited statement of accounts Mr. Manu Subedar, President, spoke as under:—

Speech of Mr. Manu Subedar, President, Indian Merchants' Chamber, at the 28th Annual General Meeting.

We have heard with profound regret the sad news of the passing away of His Majesty the King-Emperor. I should like to give expression, on behalf of this Chamber, to our sense of great sorrow and loss in the death of King George, who had visited this country and who cherished a special affection for India amongst all the countries of the Empire. He was a great monarch and the world has during his regime of a quarter of a century taken great strides. India has, during that period, been given important constitutional changes twice, and legislation for the third

important change marking a milestone on the road towards self-government has just been completed. History will record these changes amongst the important events of his reign and his memory will always be cherished in this country.

Officialdom and Business

In the speeches of His Excellency the Viceroy, either when addressing the legislature or the Associated Chambers of Commerce, during the last five years, we find a note of optimism and an intimation to the world that economic conditions in India have improved. In the same refrain we have statements made by the Finance Member, the Controller of Currency, and the Director-General of Commercial Intelligence. It is the misfortune of spokesmen of the commercial community that they should have to sound a different note. This is not done with any political object, but with a desire to bring to the notice of Government the observation of the commercial community in respect of trade depression, reduced prices and reduced profits both in industry and in agriculture. The barometers, by which they judge, are not merely the outside visible barometer of railway returns and statistics of import and export trade, but the instinctive judgment of men, who are steeped day in and day out in business transactions.

It is extraordinary that, with all the talk of transfer of political power to Indian hands, we should have in actual practice some high officials, who show marked impatience at public criticisms of their words and deeds. They regard criticism from the spokesmen of the business community as political, i.e., directed against the present officials, because they are foreign and irresponsible. I want to assure them that the criticism and comments of the business community are an expression of their considered opinion arising from their closer contact with business conditions. Such comments are likely to continue even when the new constitution is established and working with Indian ministers, and they will continue even after that constitution has

been so reformed as to give real power in the hands of Indians. We are not asking from the officials anything impossible. We are asking them for tolerance and courtesy which we have experienced in past on many occasions from their predecessors. Where our opinions are based on imperfect information, we are glad to receive further information. We think we are doing good to the Government in telling them what we think of their acts and we are doing good to the country in bringing to light facts affecting business and economic conditions of the country. This Chamber will not be deflected from the path, which it has followed for one generation in the past, of voicing the views of the commercial community, however unpleasant it may be for the officials. Our aim and goal is to establish between the Chambers of Commerce in India and the Government of the country the same relationship as exists in the United Kingdom.

Disunity without differences

I want to refer to the phenomena of wealth concentration in India, which is creating a metamorphosis in the social and economic life of the country, cutting across old divisions of caste, community and race. Without going into the controversy whether the wealth of the country as a whole is increasing or diminishing, it is my conviction that big changes are taking place in the distribution of wealth. The poor in India are on the whole becoming poorer, while the growth of industry has created opportunities for the rich to become richer. The middle class, relatively bearing heavier burden of taxes, is oppressed by the perpetual nightmare of lack of prospects and unemployment. This will create problems of its own, but I trust that India will not suffer from the bitterness of class hatred, but will wisely allocate on the shoulders of the wealthy a greater burden of taxation and secure justice between the classes by this means, instead of allowing class bitterness, which is no better than communal and religious bitterness, to grow in India. I consider the present parties, such as the Congress party, the Liberal party, or the

Moslem, Hindu, or non-Brahmin party, as irrational survivals arising from conditions, which have largely disappeared and which are fast disappearing. The difference of political aim amongst these is difficult to discover, if tested by actual practice. These parties are symptomatic of disunity, but not necessarily of differences. I consider economic consciousness the greatest solvent of these disruptions. New classes are being created with common feelings towards one another and people of the working class and middle class are being drawn closer into common consciousness rising above the existing party or communal grouping. I expect in a short time political parties in India following this more real line of division than has been the case hitherto. The idea in the official mind that this Chamber belongs to this or that political party, is wrong. The primary aim and object of this Chamber is "to secure organised action on all subjects relating to the interests of the Indian business community directly and indirectly", and in the advancement of this object, what the Chamber desires is an administration responsible to the people of the country and more responsive to the opinions of the business community.

Gold Exports

The official view still is that, the export of gold from India is taking place at the hands of those wise men with foresight, who realise that gold prices are high and, therefore, gold should be sold. The unofficial view, better informed by a knowledge of social and other conditions, is that gold is only sold through distress. It is the last thing, which a family parts with.

India sold in 1932/33, 1933/34 and 1934/35, an average of Rs. 86 crores less of merchandise every year than the average of the previous three years. Elsewhere in the world such a situation is adjusted by a reduction in the exchange value, by stimulating exports in various ways and by a rigorous curtailment of imports. In India not only has the exchange to be maintained, but in official quarters there is great anxiety to secure an increase of

imports to be paid for by the export of gold. In national economy, it is not right that India should have purchased the various commodities of commerce and paid for them with solid gold. To fritter away this valuable reserve that was in the hands of the population, for the temporary maintenance of exchange, was, in our opinion, a disservice to this country when every country in the world, including England, was adding to its gold resources, and most countries in the world were taking up all the gold that was available inside for the purposes of central reserves.

Other countries in the world have managed to maintain their exchanges by stimulating exports and putting difficulties in the way of imports, either by higher duties, or by quotas, or by developing internal sources to substitute the imports. In India not only are the doors kept open but the Finance Member, who is a zealous free trader, is talking of reducing duties all round with a view to stimulate imports, that is to say, with a view to further stimulate the export of gold from India.

Agricultural Distress

All talk of responsible government disappears into thin air if Government officials continue their talk of trusteeship of the masses, making special plea on behalf of the agriculturists and pretending to protect them against the industrialists. The balancing of these interests should take place in the legislature and not in the imagination of the Finance Member. The Indian agriculturist is receiving crores of rupees less for his crops than he used to in 1928/29. With reduced purchasing power, he has to bear many of the taxes, which are inelastic. The freight rates have not been materially reduced. Interest and other charges payable by the agriculturist have not declined and the low bank rate, which we are told, is the result of the plethora of money, does not reflect business conditions in vogue in India and does not touch the agriculturist, who is in debt.

My serious reproach to the Government of the country is that they have not during the last five years made any

attempts or taken any steps to bring about a rise in the prices of agricultural commodities, though the need of such a rise has been acknowledged over and over again even by the officials themselves. Suitable action in this direction has been suggested by the business community on lines adopted by Japan, United States of America and England herself. But such suggestion is turned down by the Finance Member, who calls it "monkeying with the ratio". We think monkeying with the ratio is a lesser evil than monkeying with the economic life of the people. The distress, poverty and the degradation inevitably accompanying this in the rural area must hit everybody in the eye. We are not unwilling to appreciate what little Government has offered to do by making the grant of one crore of rupees for rural uplift. But we are struck by the hopeless inadequacy of such measure and by the indifference of Government to other and more potent measures, which it is in their power to take. To suggest that the business community, interested in trade and industry, would be averted to a rise of prices, which would benefit the farmers, is a libel, which I can confidently repudiate in the name of the business community.

Even if official apologists still maintain that the gold exported has not been distress gold, can they now dispute that what was an absolute surplus, held for profit-making and sold in the expectation of repurchase at a lower price, has already gone out? Can they still dispute that the gold *now* being exported represents genuine economic distress? It represents the debris of the indigenous banking system and the destruction of a well-organised basis of credit. All this has been argued over and over again and one is compelled once more to reiterate that the interests of India are sacrificed for the need and convenience of the United Kingdom. Government have always been unwilling to have either expansion of credit or that of currency in this country on an adequate scale, because a rise of prices and a favourable balance of trade on merchandise would stop the export of gold and may actually turn the tide, inducing purchase by India of gold—a

position that would clearly be embarrassing to the Exchange Control, the Bank of England and the London Money market. I maintain that there is a conflict of interests, and in this conflict, those, in whose hands the administration of India's finances are put, are not throwing their weight on the side of this country, but are showing themselves true to the land of their birth and to their real employers.

Sacrifice of Indian interests

The main task in the official mind at Delhi today is to do something to help Lancashire and to get the Assembly to accept not merely the principle of Empire preferences contained in the Ottawa Agreement, but to accept the position that this Agreement has proved beneficial to India, not at all harmful in any direction, and more beneficial to India than to the United Kingdom. The task of cultivating public opinion in this direction appears to officials to be more important than of actually doing something directly beneficial to the country.

This feeling that India's interests suffer whenever they have to be balanced against the interests of the United Kingdom, has been strengthened by what we have seen of the settlement of outstanding military charges and the allocation of per capita military charges. It is the same feeling which we, businessmen, cannot help entertaining whenever decisions are taken by Government in the matter of trade and tariffs. The whole matter of the Ottawa Agreement calculated primarily to benefit Britain is judged by us in this light, because we feel that it benefits Britain more than it benefits India in our dealings with Britain, but, in our dealings with the outside world, it injures Indian interests by evoking retaliation. I want to make it quite clear that we are not opposed in principle to a trade agreement as such with the United Kingdom. But the experience of Indian interests having been sacrificed in the past makes us desire that, all details of such an agreement should be worked out publicly and in consultation with representatives of Indian trade, i.e., independent men and not nominees of Government.

Official inconsistency

It does not lie in the mouth of the advocates of Ottawa Agreement to suggest reduction in tariffs all round, because preference is only possible with a high level of tariffs, and yet the official mind never manages to see the contradictions of its own hopeless drift. These contradictions will be apparent, if there was a stated economic policy or a specific plan of any kind, which would provide the supreme test for all measures. As things are at present, India must suffer, because Empire interests require it and also because the free trade Finance Member, who does not believe in tariffs of any kind, either within or without the Empire, wants an all round reduction of tariffs. He does not seem to be alive to his responsibilities in the matter of the exchange, which has been barely maintained by the export of gold. Such export is already tapering off and cannot last for ever. When the prices of imported goods have been steady, or have fallen all round, a general reduction of tariffs is a disservice to trade and industry. It cannot be justified on the grounds of benefitting consumers, and must be opposed on the grounds of a sacrifice of revenue. The measures, which are needed in India today, are those that will reduce the volume of imports to India to enable to secure an adequate favourable balance. The maintenance of existing tariffs with a slight increase, wherever such increase is justified by industrial possibilities in the country, is required for keeping a check on imports, for maintaining the exchange, and for securing the necessary revenue for government. But this supreme need is to be sacrificed to the whim of an individual and to the confusion of thought, which seems to prevail at Delhi.

Protective Tariffs

With regard to protective tariffs, the position was examined by the Fiscal Commission in 1922, since when many events have occurred. Many countries, including the United Kingdom, have gone over to the policy of heavy protection with a view to render the country self-sufficient. It is high time that the conditions as defined by the Fiscal

Commission were revised. But, instead of bringing about such revision, we have the phenomenon of Government insisting on the old conditions and interpreting them with such strictness and severity, that in recent times many applications for protection have been set aside and in many cases, where the Tariff Board recommended protection, Government have taken upon themselves to disagree with the Tariff Board, the latest being the case of the woollen industry. We desire Government's attitude to the growth of Indian industry to be made clear. We desire greater sympathy at their hands in the interpretation. We want them to realise that advancement of industry should be the supreme aim of Government's economic policy, because it conserves wealth in this country, widens the field for the employment of Indian capital, and, while increasing technical skill, gives scope for the employment of millions of people. Since Government are resorting to what appears often as quibbling and hair-splitting, and, as any excuse is good for them to reject the request of an industry for protection, it is high time that elected members of the legislature put their heads together and insisted on the enunciation of a more liberal policy in accordance with public sentiment.

Trade Agreements

Our anxiety, however, is for the advancement of our trade, and particularly our exports not merely to the United Kingdom, but to the rest of the world. We would like our Government to follow the example of bilateral trade agreements, of which England has made so many during the last twelve months, the latest being the Anglo-Argentine trade agreement. Our Government appears to be so slow in the advancement of this object that everything remains so far as India is concerned, in the negotiation stage. Even with Canada, a country of the Empire, after Ottawa arrangements have worked for three years, no agreement has been reached. The most important of such bilateral agreements to be negotiated is undoubtedly with Japan. Having regard to the volume of Indian trade with Japan, this Chamber has urged, in the course of this year several

times, the immediate appointment of a Trade Commissioner in Japan in the person of an Indian commanding the confidence of the commercial community. This obvious measure, the utility of which cannot be disputed, has hung fire in the archives of the Commerce Department. We desire this appointment to be made speedily, as it would enable Government of India to have first-hand information about relative conditions in the two countries, so as to be helpful at the time of the renewal of the Indo-Japanese Trade Agreement. While we welcome the increased use of Indian cotton in Lancashire, it is quite clear that, for many years to come, India would have to look to Japan for the disposal of her cotton as the largest individual customer. The leakages and the devices used by Japan for dumping indirectly through other territories, or in the form of ready-made goods and cut-pieces, more cotton cloth than was stipulated, would also have to be considered. We would urge on Government the appointment of a committee a few months before the actual negotiations take place to prepare the necessary ground and to examine every fact with regard to the interests of India.

India's Trade with Germany

It is now quite clear that India's trade with Germany, so far as exports are concerned, is being lost. The country which took over 30 crores of India's products in 1928-29 took less than seven crores in 1934-35. We have, further, made it clear that, in such trade as remains, Indian nationals have suffered both as importers and as exporters, and that trade has been transferred to German nationals or to other firms, who can find the exchange both ways. Against this contingency, the Indian commercial community suggested examination of a system of license and regulation of India's trade with Germany, with the object of introducing that sort of fair and reciprocal arrangement, which would maintain the trade in existing channels and increase the volume thereof. It is true that the Government of India have no experience of this method. Some of us believe that a time will come when even the

Government of India will be compelled to resort to this either with Germany, or with some other countries. It will then be found that our Government has to deal with people, who are masters of the game, simply because officials in Delhi and Simla choose to leave matters to drift, so long as Indian traders only are affected. Had the trade of the United Kingdom been affected to any extent, we might have had the system of licenses established long ago.

Settlement with Maritime States

It is bad enough that in a difficult period of trade depression the business community should be assailed by problems arising out of events and forces happening abroad outside the country, to which we are required to adjust and over which we have no control. But the diversity of conditions, particularly in reference to factory laws and income-tax, and the interference with the trade arising out of internal customs duties between British India and the States and between the States themselves, is a matter which would be put right, if economic consolidation of India as a whole were regarded as an objective and a goal by Government. I have advocated the desirability of establishing free trade conditions inside the geographical limits of India. As a preliminary to this, the Indian commercial community have requested Government for a quick and just settlement with the maritime States. We have Government's assurance that this matter is in hand and we trust that there will be no protracted negotiations or avoidable delays in securing such settlements in a form, which would destroy all motive on the part of Indian State authorities to divert trade from established channels, by forcing measures or undue inducements.

Anti-public Monopolies

There are other issues, on which Government do not appear at all to be still alive, but from which the large mass of the public is suffering now and is likely to suffer a little more in future. There is a deficiency in the present state of law with regard to the regulation of monopolies, trusts, cartels, pools and other arrangements, by

which the public is made to pay a higher price. There are inevitable monopolies in the hands of the state as in the case of the post office and the railways, where also public interests sometimes suffer, and there are grounds now and then of complaint. But, where articles of essential use for the masses, such as kerosene, are produced or distributed under conditions of monopoly, occasionally even against the interests of Government itself, not only no steps are taken but there are no clear provisions in law. Nor is there any machinery for the examination by the state of such questions in the interests of the general public. This Chamber would welcome the suggested appointment of an Economic Advisor to the Government of India, if it should lead to a closer examination of such topics in future and a speedier action on the part of Government in regard to representations of the business community.

Business Legislation required

India is no longer in isolation. Extension and quickening of means of communication, both inside and outside, render it imperative that conditions, social and economic, should be modernised so as to fit the Indian community to hold its own in an age of ruthless economic competition. With the main currents of world events, India is now inevitably linked. Being a member of the League of Nations, labour legislation has been carried in India *pari passu* with such legislation in the most advanced countries and actually beyond the limits, where some of her keenest competitors such as Japan have gone. It is the membership of the League of Nations, which has again rendered it necessary for India, at a sacrifice which may be regarded as great when it comes to be examined, to the imposition of sanctions against Italy. If India must play her part in the company of the great self-governing nations and wealthy communities, her internal organization could not be left to drift. We have, therefore, urged a revision of the Indian Companies Act so as to obviate those evils, which experience has brought out, and to render joint stock enterprise safe from the point of view of the investor and the public. We have urged also for an insurance act, which will

regulate the business of insurance in this country and eliminate unsoundness, wherever it is found. Having regard to the great part, which banks play in the economic well-being of the country, we have urged the institution of a banking act in keeping with similar acts in many advanced countries in the world, which, while providing better regulation of banks, would clear the ground for the encouragement of Indian joint stock banking enterprise. While we acknowledge that the attitude of the Agents and the Railway Board towards the commercial community has been more sympathetic, we feel that the Railway Act, as it is in India, gives less protection to the public than to other countries, and we have asked for its revision now for over a decade, every time to be told that the matter is being considered and is under examination. In a world of growing complexity, we desire our Government to keep abreast in the matter of regulation of trade, wherever it is wanted. We have just reason to complain of red tape and delays in this matter in the past.

Proposed Railway Authority

We have expressed from this Chamber our opposition to the institution of a statutory Railway Authority in India. The railways have been built up from capital borrowed in India and in England on credit of the taxpayer, who has subsequently contributed heavily towards them in many years of their deficit. They are a valuable national asset, whose administration we should like to be carried on in an efficient manner. But the idea of separating this administration from the rest and taking it away from the purview of Federal Ministers, has to be resisted, if it means that supervision and control of the representatives of the taxpayer in the legislature will be thereby removed. As a businessman, I would like the railways to be managed on business lines and I would deprecate interference with the working of the railways through political or any other pressure either from Indians or Britishers. But the general policy in connection with the railways could not be divergent from, and must be part of, the general economic

policy of the state in India, and the outlook of the railways towards Indian industries as carriers, and towards Indian manufacturers and suppliers as purchasers of their equipment and stores, must be distinctly national. The device of the statutory Board appears to us as part of the general programme for reservation of financial and economic matters into the hands of others than responsible ministers in India with the possibility that political influences, not Indian, but English, might interfere with the working of the railways. The question of personnel of such a Board is also of importance, because our complaint against the railways in the past has been that, its services have been closed against Indians not merely in the Railway Board and the offices under it, but also in the posts of Agents, Assistant and Deputy Agents, heads and assistants of the traffic and engineering departments. I firmly believe that it is quite possible to associate Indians in a much greater proportion in railway administration without any risk whatsoever of the deterioration of the efficiency of the organization. The news that the financial results of the railways has been causing anxiety to the Finance Member, makes us even more apprehensive at present with regard to the institution of the statutory Railway Authority, whose constitution we must zealously watch out, if, as in other matters relating to the Indian constitution, the necessary legislation is forced on this country by the use of official bloc in the Assembly.

In conclusion I should like gratefully to acknowledge the assistance and co-operation unstintedly given to me by members of the Committee throughout this year, which has been an eventful year, when the Chamber was called upon to do much in many directions. An account of the Chamber's activity has been already sent to you all.

**Speech of Mr. Rahimtoolla M. Chinoy, the incoming
President of the Indian Merchants' Chamber, at the 28th
Annual General Meeting of the Chamber, on
31st January 1936**

Mr. President and Gentlemen,

I have much pleasure in seconding the motion for the adoption of the Report of the Committee of the Chamber for 1935 proposed by the President. He has, in his usual able way, dealt with outstanding events during the year under report, as also with some other questions. I should also like to deal with a few questions, which have occupied the attention of your Committee or are likely to occupy during the new year. Before I do so, I should like to express my grateful thanks to you all for unanimously electing me to the Presidentship of the Chamber for the new year. This Chamber has come to occupy, and deservedly so, such a place in the public and commercial life not only of the City but of the Presidency and, I may even say, of the country, that the Presidentship of the Chamber is a position of honour which it is the ambition of merchants and businessmen to occupy sometime or other. I hope that I shall be able to justify your election with my work.

Protection and Government Policy

I had occasion to refer, last year, to the apparently new orientation of the policy of the Government of India, under which protection in any and every form is being discouraged for the nascent industries. The industries to come under the axe of Sir James Grigg last year were the Healds & Reeds, and the Glass industries. The Government of India have been pleased to jettison the report of the Tariff Board with regard to Woollen Industry. It means that the Woollen Industry has also been denied the protection, which has been its due since years. This industry has been demanding protection since a long time past. It fulfils all the conditions laid down by the Fiscal

Commission for protection, although, it is true, that in that section of the industry manufacturing worsted material, we have still to depend on foreign sources for the supply of the raw material. India produces wool, and if proper attention is devoted to the rearing and breeding of sheep, wool for all purposes can be supplied locally. We are even now exporters of raw wool and our requirements are met at least in the rougher varieties by the use of Indian wool. There are not more than less a dozen woollen factories at present in this country, and it is necessary, therefore, that substantial protection should be given for at least 12 to 15 years, as only an assurance of a fairly continuous period of protection would attract fresh capital in the industry and enable its development. With the denial of protection, the future of the Industry will be gloomy, indeed, and we may have to abandon all hopes of developing this industry in the country.

Poverty and -Unemployment

This is but a sign of the times, and if this policy is going to be pursued with regard to industries generally, I am compelled to state that it is a policy of an extremely reactionary and retrograde nature, undoing all that has been done within the years after the War to give an impetus to Indian industries. Even the small advance in Constitutional Reforms will mean nothing if there is not *pari passu* economic development. There are no two opinions on the issue, that much of the discontent in this country, which manifests itself on rare occasions even in forms of violence, is due to the grinding poverty and unemployment. Some steps are being taken in Bengal to offer occupation to youths of the Bhadralog. Such efforts are, however, a mere drop in the ocean, when the vast extent of the whole problem is considered; and the problem, to my mind, will be accentuated terribly if Government are now to pursue a policy of denying protection to all industries and opening the doors of the country to unrestricted imports of foreign goods.

Cotton Textile Industry

The fate which met all these industries is making some of us nervous with regard to the forthcoming report of the Tariff Board regarding Cotton Textile Industry and the decision of Government thereon. The terms of reference of the Tariff Board were extremely restricted, as your Committee pointed out in their communication to Government. The protection, which the Cotton Textile Industry is now enjoying is the least that is due to it, and if any effort is made either by the Tariff Board or by Government to tamper with it and to reduce the percentage of duty or to remove what little restriction there is against British imports, it will be sounding a death-knell of the Indian Industry.

Charges and Rates for Railway, Electricity, Telephone and other Essential Services

Recently there have been complaints with regard to increases in some directions in Railway rates for goods. There has been no appreciable reduction in rates for goods traffic, including coal traffic, as also with regard to passenger fares. On the contrary, there was an increase in Season Ticket fares for passengers in the suburban traffic. There has been a tendency to reduce rates for shipping and other essential services in different parts of the world; and I wish that India can follow suit. While I recognise that passenger fares for this country are low, as compared with the same in other countries, it must at the same time be emphasised that probably it is in this country alone that Railways are making profits on passenger traffic. Looking to the poverty-stricken condition of the Indian masses, passenger fares must be lower than those prevailing in other countries, and there is still sufficient scope for concessions like Week-end Excursion tickets for third class passengers specially. Railways have been announcing cheaper tickets and I think with advantage to themselves, for X'Mas, Easter and Divali; and one is glad to note that third class passengers are now included in all these concessions. Considering that third class passenger traffic brings the major portion of revenue

to the Railways, I think that the Railways will be well advised to grant the same scale of concession to third class as they give to first and second class passengers. With a little broader outlook, the Railways can increase their traffic by making reasonable concessions and looking to the conveniences and comforts of passengers. With regard to goods also, it is very necessary that rates should be lowered, not only to compete against the Road traffic, but also to encourage the transport of goods and thus develop internal trade.

Your Committee have been pressing for reduction in charges with regard to Telephones. Though the Telephone Company announced some reduction in their charges, it was not at all commensurate with the demands of the public. The telephone must be made an essential component of every household and every office and shop; and to attain this end, further reduction in rates is extremely necessary.

Reduction in charges for electricity is also necessary, both for greater amenities of life of the public and as a help to industries, large and small. Your Committee are considering the question and it is expected that an early representation may be sent to the proper quarters.

While I am on this question of reduction of rates for essential services, it will not be amiss if I urge that the Government of India will, in their next Budget, announce a reduction in their Postal charges which were increased to an abnormal extent some four years back. Postal facilities are an essential desideratum of modern life and to keep up the Postal rates in a country like India is to levy a handicap on culture and education and development in social, commercial and political directions. We may hope that this will receive the first consideration at the hands of Government at the time of the Budget.

Indians Abroad

The position of Indians in the Colonies has always been a ticklish and a delicate question. Since years and

years, this question has proved a festering sore of bitterness and it does not redound to the credit of British statesmanship that even now the question has not been satisfactorily solved. It is true that through the efforts of men like Mahatmaji, the late Mr. Gokhale, the Right Hon. Shrinivasa Sastri, H. H. The Aga Khan, some headway has been made for the solution of some of the difficult problems; but the position on the whole has remained unaffected and our countrymen in overseas countries are naturally chafing under the restrictions, limitations and handicaps under which they have to pass their life there. I shall not concern myself today with the position of Indians in other Colonies here, but I must voice my feelings, and I think, the feelings of you all, with regard to the position of Indians in Zanzibar. You know very well the history of this question, and so I need not go into details with regard to this. A public meeting was also convened by this Chamber in 1934 in connection with this, when emphatic protests were lodged with the Government of India with regard to the treatment meted out to Indian traders in this colony. As a result of the legislation passed in Zanzibar, the normal business life of Indians has been dislocated and it is said, on reliable authority, that about 150 Indian merchants have already wound up their business and left Zanzibar for good. A respectable merchant even committed suicide, because he preferred death to the disgrace of insolvency. About 80 Indian merchants have closed down their business, but are still in Zanzibar, because they have no place to go to. The number of Indian exporters, which was 31 before the Decrees, has been reduced to only three at present; and even the condition of these three is in no way enviable. The Zanzibar Government passed the legislation under reference with almost indecent hurry through their Council, with a view to take away the Clove trade from the hands of Indians and to transfer it to non-Indian hands. The steps that have been taken, have ruined the Clove business as will be seen from some facts recently collated by the Imperial Indian Citizenship Association. The highest stocks of cloves ever held were on 1st August 1934, when the Fraslans held

were 383,000. On 1st August 1935, the stocks exceeded that record figure almost by cent per cent and were over 700,000 Fraslās. The export before the Decrees, from 1st July 1933 to 30th June 1934, was 794,000 Fraslās; after the Decrees, i.e., from 1st July 1934 to 30 June 1935, it was 527,000 Fraslās, i.e., falling off in export business of more than 33 per cent. A deputation of Indians from Zanzibar has recently been in India and placed before the Government of India and the Indian public significant facts showing the hardships entailed on the community as a result of the operation of the 1934 Decrees. Since the publication of Mr. Menon's Report, another important document has been made public after considerable unnecessary delay. The Report of the Agricultural Indebtedness Commission, appointed by the Government of Zanzibar with the approval of the Secretary of State for the Colonies, has been published, and it vindicates the Indian case in a satisfactory manner. The Commission was presided over by the Chief Justice of Zanzibar and had two senior officials, one Arab and one Indian as members. The charges against Zanzibar Indians laid at that one-sided document, called the Bartlett-Last Report, which has been the crown of all the past subtle attempts of biased officials of Zanzibar of painting Indians black, as seen from the Strickland Report and such other Reports, have been proved to be unsustainable by such an authentic body as the Commission. The allegations against Indians were that they had already divested the Arabs and the Africans in Zanzibar of 50 per cent of the ownership of their land and that half the remainder of the land was most heavily encumbered to Indians, the rate of interest on mortgages was unconscionably high, and that the Indians paid an unfair price to the agriculturists for their produce. The Commission, however, after a careful enquiry, have found that only $7\frac{1}{2}$ per cent of the land is mortgaged with Indians, while only $6\frac{1}{2}$ per cent is owned by them under absolute sale and 6 per cent is owned under conditional sale, which may revert to the agriculturists again. Evidence tendered before the Commission by the Department of Public Trustee of Zanzibar shows that even

during the worst depressed market, the price paid by Indians to producers for cloves left a margin of Re. 1 per every Frasila of 35 lbs. of cloves, to produce which from tree to market it costs about Rs. 3½. I wonder if any other commodity leaves such a good margin of profit anywhere. The action of Zanzibar Government in introducing the controversial legislations of 1934 was based on Bartlett-Last Report, whose unreliable character has been fully exposed by the Debt Commission. It is unfortunate that the Government of Zanzibar still continues to be adamant. Information received recently shows that the British Resident there is not disposed kindly towards voluntary settlements which the Arabs and African debtors are entering into for repayment of debts with their Indian creditors. Further activities on behalf of the unwanted monopolistic Clove Growers' Association is foreshadowed by which it may appoint its own representative even in India, who may be the sole direct distributor of cloves. Having ousted out Indian traders from the Clove trade in Zanzibar, the monopolists apparently dream of ousting out Indian merchants of India as well from this field. India takes nearly 45 per cent of Zanzibar cloves and it is upto India to refuse to be subservient to the bureaucratic organisation of Zanzibar. I admit that the Government of India, in the Department of Education, Health and Lands, under its late chief, Sir Fazli Husein, and recently under the Hon'ble Sir Girja Shankar Bajpai, as also the Hon'ble Kunwar Sir Jagdish Prasad, are sympathetic with the claims of Indians and have been making what efforts they can for getting relief for Indians there. The Colonial Government has, however, remained obdurate for obvious reasons. It is the duty of the Imperial Government to see that justice and fairness should be secured to Indians, who have suffered tremendously with regard to this question and who will be wiped out from Zanzibar, unless relief is obtained, and that too immediately.

Constitutional Reforms

The main event of the year, under review, was the passing, in all its stages, of the new Government of India Act. Certain preliminaries have necessarily to be carried through in connection with such an Act of wide import. The delay, however, that has taken place in connection with the introduction of the Reforms is too much already and it is feared that it may still take one year more for the introduction of the Reforms so far as the Provinces are concerned. There will be a still greater delay, I am afraid, with regard to the Federal Government. While no one is satisfied with the Reforms, responsible leaders in different quarters want the people to go into the Legislatures. Any delay at this stage will create naturally a suspicion about the earnestness and sincerity of Government; and I, therefore, urge that the Provincial Reforms should be introduced from the beginning of the next year and the Federal Government should not take more than two years more. In this connection, I cannot help regretting the prolongation of the lives of the different Provincial Councils to well nigh six years, which is a grave constitutional wrong to this country. It could have been possible to have one or even two elections in the meanwhile, and the electorates are thus deprived of expressing their will.

Indian Shipping

While the British Parliament have, as pointed out by me in my speech last February, under the new Constitution imposed every conceivable handicap on the growth and expansion of Indian industries in general and Indian shipping industry in particular, you will not be surprised to know that not only have the same British Parliament renewed the substantial subsidy of two million pounds again this year to tramp shipping but they have also promised to render the necessary financial help to British liners to enable them to maintain their services and thus retain their supremacy on all the seven seas of the world. This anxiety

on the part of the British Government to maintain the hold of Great Britain over the sea is in singular contrast to the apathetic, if not inexplicable, attitude of the Government of India to the question of allowing Indian Shipping even to live in its own home waters. Despite the solemn promises and assurances given by the Government of India in the past to provide for an adequate participation of shipping owned, controlled and managed by Indians in the Coastal and Overseas trades of the country, it is sad,—really very sad to reflect—that the share of Indian shipping in its own home waters is even less than one-fifth of the total volume of the trade carried, while it has no place whatsoever in the Overseas trade of India. It was in 1930 that Government announced in unmistakable language that the responsibility would lie on them to develop Indian shipping in the Coastal and Overseas trade of India and although they have been reminded of their promises now and again, both inside and outside the Indian legislature, the spokesmen of the Government of India repeat the parrot cry that the solution of the question could only be by negotiations and agreement. Gentlemen, I understand that fearless fighter in the cause of Indian Shipping, I mean our friend Mr. Walchand Hirachand, left no stone unturned to negotiate and arrive at a friendly settlement with the British shipping interests for starting a passenger service between Bombay and Europe, but the door was closed upon him even before he could get an entrance and submit his proposals. Negotiations and settlement by agreement are to be desired, but when the British shipping interests are not even prepared to discuss, how is that policy going to help Indians to realise their aspirations for participating in the Overseas Trade? It was Sir George Rainy who observed:

“But I am not going to surrender the hope I still entertain that these difficult questions will be settled at the R. T. C. in a form to which both sides can assent and that the way then will be clear for the creation of an Indian Mercantile Marine under the auspices of an Indian Government”.

No one would entertain such a hope *now* in face of the new restrictions imposed on Indian shipping industry under the new constitution. The method of negotiations, as referred to above by me, has failed for no fault of Indian shipping interests. Sir George Rainy promised on the floor of the Assembly that in case an agreed settlement might prove impossible, the Government of India would face the situation and would explore other methods amongst which financial help was one to remove

“the obstacles in the way of the development of Indian shipping”.

Sir Joseph Bhore, unfortunately, did not think that the time was ripe for Government intervention by the grant of subsidies, when on the floor of the Assembly last February, he stated, in reply to a question:

“Government do not consider that in the present circumstances the grant of subsidies is the appropriate method of affording assistance to Indian shipping”.

Whereas the granting of subsidies as the most appropriate method of help to National shipping has been recognised all over the world, including Great Britain itself. May I, under the circumstances, appeal to the Government of India to take the public into their confidence and tell them definitely how they are going to discharge their responsibilities for enabling Indian shipping to develop substantially in the Coastal Trade and particularly make its way in the Overseas trade of India.

Speech of Mr. A. D. Shroff, the incoming Vice-President of the Indian Merchants' Chamber, at the 28th Annual General Meeting of the Chamber, on 31-1-1936

Mr. President and Gentlemen,

I am deeply sensible of the honour you have conferred upon me by electing me as your Vice-President for 1936, and hope to put in my best endeavour to justify the confidence you have chosen to repose in me.

Both the retiring and incoming Presidents have traversed wide ground relating to a number of important questions closely affecting the interests of the commercial and industrial community of this country. These speeches provide fare of no small variety and would at any time call for digestive powers of no mean order. I should, therefore, have preferred to spare you the infliction of a third speech but for the time honoured convention that the incoming President and Vice-President must deliver speeches at the first annual general meeting.

There are only two topics to which I would confine my attention and in the briefest possible outline.

An event of very great significance to the economic life of this country stands recorded for 1935, viz., the inauguration of the Reserve Bank of India from first April 1935. The actual relationship between the Reserve Bank and the Scheduled Banks commenced from the 1st July, and it is very curious that an event of such historic importance has passed almost unnoticed. One section of the critics of the Reserve Bank naturally came from the ranks of the existing banks, both indigenous and foreign, and the main ground of their apprehension was the statutory obligation to make compulsory deposits with the Reserve Bank as a fixed percentage of their time and demand liabilities. On the eve of the inauguration of the Bank we were told that soon after the day the Scheduled Banks commenced fulfilling this statutory obligation there would be unprecedented stringency of money in India and that it would cause widespread disturbance in the business life of the country. As a matter of actual fact, since the first July, 1935, money has been found to be much cheaper than it was before the inauguration of the Bank, and the last fortnightly statement issued by the Reserve Bank relating to the Scheduled Banks states that against a combined total of Rs. 223 crores of time and demand liabilities, the Scheduled Banks had deposited with the Reserve Bank Rs. 34 crores. Whilst it is undoubtedly true that the obligation to deposit compulsorily with the Reserve Bank immediately deprives the

scheduled banks of a certain proportion of their interest-earning funds, it is hardly necessary to remind the banking community of this country that the liquidity and consequent stability imparted to the whole banking structure of India through the inauguration and efficient working of the Reserve Bank cannot but ultimately redound to the benefit of banks in common with the whole population of this country. I have no doubt that the willing co-operation of the Schedule Banks with the Reserve Bank will in the course of time give to this country a network of banking institutions run on accepted lines of safety and conservatism, which must assist the raising of the standard of living of this country through a well regulated and ordered economic betterment.

Through a combination of circumstances mainly of an international character, money in most of the countries of the world is found in such abundance that it cannot be employed on a remunerative basis to which we have been accustomed particularly since the last Great War. The conversion of the British 5% War Loan in 1932 to a 3½% basis, which has now been commonly regarded as a marvellous feat of financial engineering, has had a revolutionary psychological effect on all important money markets of the world. The reduction of the interest basis for British Government securities established a new yield basis for similar securities in the most important lending market of the world, and the new policy initiated by this conversion of an unprecedented character was deliberately inspired by the theory that the recovery of world trade could be effectively stimulated through the maintenance of cheap money conditions in important money centres of the world. To the average lay observer the effect of this policy as reflected in the trade and industrial revival in Britain has not been easily traceable and naturally, therefore, one sometimes meets with the question whether cheap money can really stimulate trade recovery. It has not been sufficiently realised that the first and direct effect of the reduced basis of Gilt-edged securities has been to bring

relief to the overburdened Government Treasury in the shape of reduced interest charges, which absorb such a large proportion of the revenues of all modern countries. The reduced interest charges have made possible in some cases relief in direct taxation and in others initiation of Governmental undertakings which have led to an increasing employment of men and money in several countries. The lower yield basis for Gilt-edged securities furthermore has provided a well-needed opportunity to a number of industrial concerns to convert their fixed-term obligations on a reduced interest basis and thus to secure a diminution of the overhead charges and the consequent reduction in costs of production. Apart from this direct effect, the most important service which, to my mind, the policy of cheap money has rendered to a depressed and stricken world is the creation of a new psychological atmosphere of hope and confidence. A close analysis of the causes of world depression points to the entire loss of confidence amongst the stockists in all important trades of the world as the most persistent symptom to tackle. It is because those whose business it is to stock goods refuse to take the normal risks of business that industrial machinery and employment had to slacken, as in the present-day economic organisation of the world, where goods have to be manufactured mainly on a basis of mass production, the intervention of the stockist is unavoidably necessary to keep the process of manufacture a continuing one. The cheapening of money, which in its turn brought cheap credits, encouraged a new hope in the stockist in the two-fold direction of heartening him to continue to hold his stocks for a longer period, thus sparing him the necessity of forced liquidation in a falling market and consequently of stimulating assumption of larger risks on account of the spread of the general feeling of hope and confidence engendered by cheap money. That cheap money has been to a certain extent responsible in maintaining stable prices if not, in some cases, actually bringing higher prices in respect of manufactured goods, can hardly be controverted in the light of our experience of the last three years.

That this experience must be of an encouraging character is made plain from the fact that the commercial representatives of the important countries of the world, who recently met at Geneva, unanimously adopted a resolution moved by Mr. Burgin, the Parliamentary Secretary to the Board of Trade of Great Britain, that the policy of cheap money must be continued to stimulate recovery of world trade.

In the light of the above observation it was but to be expected that the Reserve Bank rate to 3% would meet with universal approval. That the Reserve Bank rate should be further reduced from 3% to bring it in better turn with the prevailing money conditions in India is only a very legitimate expectation to entertain. That the inter-Bank Call money in the principal money markets of Bombay and Calcutta has for months past not been over one-half per cent excepting on the last day of the year, that Banks are not anxious takers of time deposits for less than six and twelve months, that Government have been able to borrow on three-month Treasury Bills at 1% and even a little under with the weekly tenders far exceeding the actual requirements of Government are all indicators of the actual state of money in this country. It is, of course, not a matter of rejoicing that money should be found in such extremely plethoric condition, as it undoubtedly is symptomatic of depressed state of trade and industry of the country. But we cannot be either entirely divorced from the powerful international influences at work nor can we forget the weight of over Rs. 259 crores let loose by the unending stream of gold exports from this country since October, 1931. As a large proportion of the gold exports from India may legitimately be described as distressed gold, the loans and advances taken there against have been paid off, thus releasing funds which for years used to be employed that way. The persistence of lower agricultural prices also in no small measure explains the reduced demand for money to finance the movement of our agricultural crops. But the benefit which this country

obtains through continuance of cheap monetary conditions cannot be gainsaid, as there has been a perceptible reduction in interest charges annually incurred by the Government of India, the various Provincial Governments and public bodies like the Port Trusts and Municipalities. For instance, the repayment of the Bombay Development loan carrying $6\frac{1}{2}\%$ tax-free interest has brought no small relief, among other borrowers, to the Bombay Port Trust which, but for the consequential reduced interest charges obtained from Government, may have been compelled to raise the Port charges at a time when endeavour is being made to attract more trade to Bombay. However, in a country like ours, where banking organisation has been remarkably deficient and where the benefits of a central banking organisation were non-existent till only a few months back, it is obviously difficult to trace directly the effects of cheap money on the economy both industrial and agricultural of the country.

It is undoubtedly a matter of regret that this country has not been able to avail itself of cheap money to any considerable extent for either improving or enlarging its industrial equipment or for tackling that long-standing problem of agricultural indebtedness, the grinding weight of which has been large responsible for persistently keeping down the average standard of living for our people. In Bombay we have been confronted with the tormenting experience of our staple cotton textile industry deteriorating every day in comparison to Ahmedabad and other up-country centres, and we are told by experts that if our mills could only be re-equipped with up-to-date machinery Bombay can repair its past glory and prosperity. Knowing something of the mentality of the Bombay investor, I make bold to say that, despite the not very encouraging record of management in the immediate past, if far-seeing and experienced men in this industry put their heads together and evolve a scheme for its rehabilitation, we can take advantage of the present tide of cheap money, on the indefinite continuance of which it is impossible to dogmatise.

Having given some thought to the possibilities of such a scheme, I venture to suggest that a co-operative effort amongst the various managements with a firm determination to weed out the uneconomic units and a little self-denial alround cannot but succeed. Cheap money must also be availed of to reduce the dependence of the industry on deposits by issue of debentures or preference shares, as no close observers of the financial side of the industry can miss the evident disproportion between the paid-up capital and the block account of a number of our mills. Let our industry now learn to discard the antiquated notion that raising additional capital on the security of debentures weakens their credit, and I suggest that the present opportunity should not be lost when investors are hard put to finding suitable employment of their idle funds.

In this connection I would like to make one appeal to our banks. I fully recognise that banks have been finding it most difficult to maintain their earnings with the very poor demand for money from trade and industry. I am informed that a few days back the banks in Bombay have reached an agreement to fix minimum rates for loans and advances to their clients. I submit that this arrangement is bound to impede, if not to destroy, the chances of Bombay gradually recovering her former position in trade and industry and is certain to counteract the good work started by the Reserve Bank in creating the necessary psychological background for assisting trade recovery in the country. I would appeal to the banks, therefore, to abandon their recent decision in the interests of our trade and industry.

We also carry with us the very significant handicap in the shape of a Government which is both irresponsible and unresponsive to the true requirements of this country. It is our singular misfortune to have at present at the head of our finances a Finance Member in the person of Sir James Grigg, who fights shy of the very word "planning". His public utterances so far show that he has picked up his ideas from the lumber-rooms of that discarded and discredited school of laissez-faire, which if remorselessly applied

to Indian conditions would not only put a halt to our further economic advancement but also wipe clean the few "purple patches" in the industrial life of India. With a Finance Member lacking entirely in imagination and wedded to that conception of Government which cribbs, cabins and confines its function to that of the perpetual policeman, this country is being deprived of an opportunity which may not recur for many a year for financing on easy terms capital schemes for its economic amelioration. With unnumbered slums that disgrace our beautiful cities and breed socialistic ideas of a most pernicious character, with the mill-stone of eight hundred crores of agricultural indebtedness round the necks of 80 per cent of our population, with roads that make a long-distance motor-trip a risky adventure, surely the Finance Member cannot reply that money cannot be employed in directions which would prove remunerative in more than one way.

In the general discussion that ensued the following members participated:—

Mr. Sarabhai Prataprai.

„ Morarji Hemraj.

„ Jagmohandas J. Kapadia.

The report and the audited statement of accounts were received.

3. The declaration of the result of the election of the office-bearers for the year 1936 was recorded.

4. Mr. D. C. Modi proposed that Messrs. Devidas Vithaldas & Co., be appointed auditors for the year 1936 and that their remuneration for the same be fixed at Rs. 100.

The same was seconded by Mr. Keshavprasad C. Desai and on being put to the vote was carried unanimously.

5. Mr. Sarabhai Prataprai moved the following resolution:—

"This Annual Meeting of the Indian Merchants' Chamber RESOLVES that the Government of India, all the governments and Semi-Government bodies and departments and Corporations be requested to have inserted in all their contracts and agreements for the supply of stores materials or services with Non-Indians supplying the said stores materials

or services a clause to the effect that the said suppliers shall afford every facility to Indian apprentices for practical training in factories, workshops or offices so as to enable them to acquire full knowledge of the technique and work of their trade, industry, calling and profession. A copy of the said Resolution be forwarded to our representatives in the Legislatures for such action as would give effect to the Resolution. And also to other representatives of Commerce and Industry with a request that they be pleased to move similar resolutions in the Indian Legislative Assembly."

The same was seconded by Mr. Keshavprasad C. Desai and on being put to the vote was passed unanimously.

6. Mr. Sarabhai Prataprai moved the following resolution:—

"The Members of the Indian Merchants' Chamber call upon the Government of India that in every trade agreement which they may hereafter make with any Country provision should be introduced for the appointment of Trade Commissioners in that Country to look after the due enforcement of the said agreement by that Country and that these Indian Trade Commissioners in foreign countries shall be accorded the same facilities, immunities, privileges and exemptions which are customarily by law allowed to corresponding Officers of that Country in our Country and that representatives of no country shall be allowed in India any facilities, immunities, privileges and exemptions which it is not prepared to grant to corresponding Indian Officer in their own Country notwithstanding the fact that similar courtesies are long exchanged between Great Britain and the foreign Country concerned."

The same was seconded by Mr. Gordhandas G. Morarji.

Mr. A. D. Shroff rose to a point of order whether Mr. Sarabhai Prataprai was acting in conformity with the accepted practice of raising a subject at the General Meeting of which the Managing Committee was already seized. In his ruling on the point of order the Chairman observed as under:—

"Every member has a right to move at a general meeting any resolution of which he had given due notice and a member of the Committee is not restricted in his

right in this regard, because of his being a member of the Committee. You may dispute the propriety of a member of the Committee bringing at the General Meeting a subject matter which is being dealt with by the Committee.

You may hold that bringing such a resolution before the General Body is tantamount to going over the head of the Committee as it may seem that the mover feels some diffidence that the Committee may not do what is wanted in the matter. It may indicate lack of confidence in the Committee as they are already pursuing this topic. But technically I can see nothing on which I can rule the resolution out of order."

Mr. Keshavprasad C. Desai moved the following amendment:—

"That this resolution may be referred to the Committee for such action as they may deem necessary."

The same was seconded by Mr. Nagindas T. Master.

Mr. Sarabhai raised a point of order that the amendment was not in order as it did not arise out of the resolution.

The President ruled that the amendment was in order.

The amendment was put to the vote and carried by 38 against 2.

Mr. Sarabhai demanded a poll, the result of which was as under:—

Against the Amendment

Mr. Sarabhai Prataprai.

„ Purshotamdas Popatlal.

„ R. N. Bapasola.

Neutral

Mr. Sorabji.

For the Amendment

All others present.

The amendment was declared carried.

The same was put to the vote as a substantive proposition and was carried by 41 voting for and 2 against.

With a vote of thanks to the Chair proposed by Mr. Chunilal B. Mehta and seconded by Mr. Mathuradas C. Matani, the meeting terminated.

**REPORT OF THE COMMITTEE
OF
THE INDIAN MERCHANTS' CHAMBER**

**For the year 1935 presented to the ~
Annual General Meeting of the Chamber
held on 28th. January 1936.**

Your Committee have pleasure in presenting the 28th Annual Report of your Chamber. During the Course of the year 40 Committee Meetings were held, the work done being of a varied and important nature.

The Principal subjects dealt with by your Committee related to the following main heads :—

- (1) Transport and Communications, (2) Finance
Tariff and Taxation, (3) Trade, Industrial and
Labour Legislation, (4) General Trade and
Industry and (5) General.



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1. TRANSPORT AND COMMUNICATIONS.

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Award re: the Tuticorin tonnage quota to Small Steamship Companies and participation by Small Steamship Companies in the Persian Gulf Traffic.

The attention of the Committee was drawn by the Eastern India Steam Navigation Co., on behalf of the Small Steamship Companies to the award regarding the tonnage of quota allotted to the Small Steamship Companies between Bombay, Karachi and Tuticorin and *vice versa*, in response to the Conference of Small Steamship Companies held in Delhi in February 1935. The Small Steamship Companies subsequently addressed the Government of India pointing out that quota allotted to them was found to be inadequate because the same was completed in about five months time and the Small Steamship Companies were now handicapped in this that they were not allowed to lift any cargo for the remaining part of the year. The Committee were therefore requested to address the Government of India in the matter. The Committee thereupon addressed the Government of India pointing out the difficulties experienced by the Small Steamship Companies in lifting up cargoes on account of the inadequate tonnage allotted to them under the Commerce Member's award and suggested that the award should be so revised as to assure for the Small Steamship Companies a fair and reasonable share of the Tuticorin cargo.

The Eastern India Steam Navigation Co. also drew the attention of the Committee to the assurance given that they would be allowed to participate in Persian Gulf traffic and pointed out that in spite of this undertaking they were not allowed to participate in the traffic by the interested Steamship Companies. The Committee also addressed the Government of India in this matter and strongly supported the claims of the Eastern India Steamship Co. for their participation in the Persian Gulf traffic.

Restrictions on transhipment by country crafts.

It was recorded in the report of the Committee for the year 1934 (vide Page 4) that they had addressed a communication to the Government of India pointing out the difficulties caused by the restrictions on transhipment by country craft of the goods liable to import duty and destined to customs ports in the Presidency other than Bombay and Karachi. The Government of India, in reply informed the Committee that the transhipment of dutiable goods to subordinate Customs ports in the Presidency was prohibited as such ports were inadequately equipped to deal with such goods. They added that the transhipment of dutiable goods to Kathiawar ports was allowed by steamers only as such a mode of conveyance afforded some guarantee that the same could be carried to their declared destination.

Amendment to the Indian Pilgrim Ship Rules 1933.

The views of the Committee were invited by the Government of India on the draft amendments proposed to be made in the Indian Pilgrim Ships Rules 1933. The Committee after consulting shipping interests concerned informed Government that they had no views to offer on the same.

I. M. M. T. S. "Dufferin" cadets.

The attention of the Committee was drawn to the uncertainty as regards the employment at sea of cadets trained on the I. M. M. T. S. "Dufferin". The Committee were informed that several British Shipping companies, such as British India, P. & O., Nourse and Mogul and Asiatic Steamship lines, inspite of definite assurances given by them to the Government of India, had not been employing "Dufferin" cadets as officers on their ships. The British India Co., with its nearly 70 ships on the coast had given employment to only four cadets as officers. As it is, there are six cadets who were still out of employment and in January 1936, 27 more cadets would obtain their

certificate of competency from the Training ship and would naturally look out for employment at sea.

In view of the grave situation as regards their employment the Committee addressed the Government of India particularly drawing their attention to the nonfulfilment of assurances given by the British shipping interests in regard to employment of the Dufferin cadets. The Committee urged that the matter was one for serious consideration of Government and emphasised the necessity of prompt action on their part with a view to see that the purpose for which the training ship was started was not defeated on account of the apathetic attitude taken up by the various shipping interests on this question. The Committee hoped that Government would make suitable arrangements forthwith to enable the Dufferin cadets to secure suitable employments by shipping companies plying in Indian waters.

Central Advisory Committee for Lighthouses.

For the election of three representatives of the Federation of Indian Chambers of Commerce and Industry on the Central Advisory Committee for Lighthouses, the Committee of the Chamber recommended the following names :—

1. Mr. M. A. Master (General Manager, Scindia Steam Navigation Co., Ltd. Bombay).
2. „ Kaikobad C. Dinshaw (Messrs. Cowasji Dinshaw Brothers, Bombay).
3. „ Shariff Hassum (The Eastern Steam Navigation Co. Ltd., Bombay).

Port Sanitary Administration.

The Government of Bombay invited the views of the Committee on the draft scheme for the constitution of Port Sanitary Authorities in the various Ports. At present the sanitary administration of Ports and all measure connected with the Port quarantine are under the charge of the Port Health Department appointed by the Local Government under the provisions of the Indian Ports Act. The draft

proposal sought to create a Statutory Authority for each Port entrusted with the improvement of sanitation of the Port and its surroundings and in case of minor ports the functions and duties of the Authority to be carried on by the Port Health Officers appointed by the Central Government. The Port Sanitary Authority was proposed to consist of members representing Local Authorities and the Central and the Provincial Governments, and to be directly under the Central Government and their financial requirements were to be met equally by the Central Government and the respective Port Trusts.

The Committee of the Chamber, in forwarding their views on the scheme, observed that there was no justification for initiating such a scheme involving very heavy expenditure at the present time. They suggested that so far as the Bombay Port was concerned the requirements of port sanitation might be looked after, as in the past, by the Bombay Port Trust and that there was no valid grounds for instituting such an authority.

They, however, added that if Government ultimately came to the decision that such an Authority should be constituted, then it was essential that the Indian Merchants' Chamber should have a direct representation on the Authority instituted for the Bombay Port. Such a representation, they pointed out, would facilitate the working of the Authority by representing the demands of the people to the body and by explaining the policies which the Authority might ultimately adopt to the parties concerned.

Port Quarantine - Proposal to discontinue broadcasting of information relating to minor ports in other Provinces.

The Health Officer of the Port of Bombay invited views of the Committee on the question whether it was necessary to communicate to various interests concerned declarations made by other Governments relating to minor ports in their provinces as being affected or free from certain epidemic diseases. As it was considered doubtful whether local officers and bodies had any interests in the majority

of such declarations, it was suggested that if such intimation could be discontinued much unnecessary routine work of Government could be reduced.

The Committee in reply informed that they had no objection to the proposed discontinuance of the above information.

Representative of the Chamber on the Bombay Port Trust.

The term of office of the present representatives of the Chamber on the Board of the Bombay Port Trust expires on the 31st March 1935. The Chamber was, therefore, asked to elect representatives for a fresh term of two years from that date. The following gentlemen were unanimously elected in this connection.

Sir Purshotamdas Thakurdas, Kt., C. I. E., M. B. E.,
(Cotton section).

Mr. Gordhandas G. Morarji (Piecegoods section).

Mr. Mathuradas C. Matani (Grain & Seeds
section).

Mr. L. R. Tairsee (General section).

Mr. A. D. Shroff (General section).

Appointment of an Indian as Chairman of the Bombay Port Trust.

It was brought to the notice of the Committee that on the retirement of Mr. W. R. S. Sharpe, the present Chairman of the Bombay Port Trust, the Government of Bombay intended to appoint as his successor a European I. C. S. officer. The Committee had long since been urging that an Indian should be appointed to this post.

They, therefore, addressed a communication to the Government of Bombay drawing their attention to the previous communications on the subject and expressing their disapproval of Government's reported action. They traced the history of the agitation in regard to the Indianisation of

Port Trust services and observed that if in the matter of the appointment of the Chairman of the Port Trust, they could not accede to the popular demand for appointing an Indian all talk of transfer of power to Indians under the new Constitution was not genuine.

Government in reply, informed the Committee that a notification would shortly appear in the Bombay Government Gazette. The Committee thereupon again addressed Government that it was not for the purpose of the publication of such a notification that they had approached the Government of Bombay, but they had raised a point of principle and it was with a view to emphasise the importance and necessity of having an Indian as Chairman of the Bombay Port Trust that the Government of Bombay were addressed. The Committee hoped that Government would, taking into consideration the feelings of the Indian commercial community, appoint a suitable Indian as Chairman of the Port Trust.

Bill to amend the Bombay Port Trust Act with a view to having an Indian as chairman of the Bombay Port Trust.

Mr. L. R. Tairsee, Representative of the Chamber on the Bombay Legislative Council had requested the Governor General for necessary previous sanction to move a Bill to amend the Bombay Port Trust Act to provide for the appointment of an Indian as Chairman of the Port Trust. The Committee were subsequently informed by Mr. Tairsee that the Governor General was not able to give necessary sanction.

Reform of the Constitutions of the Bombay Port Trust and other Port Trusts in India.

The Committee addressed the Government of India in regard to the most unsatisfactory position of representation of Indian Commerce on the Bombay Port Trust and the various port trusts in India. The Committee had also

enquired of the Government of India about reasons for refusing sanction by the Governor-General to Mr. L. R. Tairsee M. L. C., representative of the Chamber on the Bombay Legislative Council, to introduce his bill to amend the Bombay Port Trust Act in Bombay Legislative Council with a view to providing that the Chairman of the Bombay Port Trust would always be Indian. The Government of India informed that they considered that it would be contrary alike to public policy and to the interests of the port to make a statutory provision that Chairman of Port Trusts should be appointed on racial grounds.

As regards the constitutions of the various Port Trusts Government observed that due weightage was given to all important interests concerned in the welfare of the trade of the Port and so far as the elected element was concerned, Government were not aware of any recent changes in relative interests of such importance as to make a further adjustment again necessary. The Committee sent round copies of this correspondence between themselves and the Government of India in this connection to elected members on the Boards of Port Trusts in India and also to the elected members of the Central Legislature. The reply from Government summarised above was also published in the press for general information.

Bombay Port Trust Wharfage for Barytes Ore.

The attention of the Committee was drawn by a member of the Chamber to the classification of Barytes Ore for the purpose of Dock wharfage in the Bombay Port Trust. It was pointed out that Indian Barytes Ore was classified under the head "Materials for paints and dyes" which were assessable at the rate of Rs. 3/12 per ton. It was the contention of the member that Barytes Ore was a kind of mineral ore which was chargeable at the rate of As. 12/- per ton. It was further contended that the Madras Port Turst was classifying Barytes ore under mineral ore and charged the same accordingly.

The Committee thereupon requested their representatives on the Bombay Port Trust to take up the matter with the Port authorities with a view to securing for the member concerned the benefit of proper classification and reduced wharfage charges. Subsequently the Committee were informed that the Port Trust authorities had agreed to reduce the rate to As. 13/- per ton subject to sanction of Government.

Port Trust Charges on Butter & Flour.

Under the existing Docks Scale of charges of the Bombay Port Trust butter and flour consigned to ports like Calcutta, Madras and Rangoon are charged on measurement basis while the same commodities when consigned to ports on the coastal zone like Karachi and Goa are charged on weightment basis. Messrs. Polson Mfg., Co., Bombay, a member firm of the Chamber, had sent a representation to the Bombay Port Trust suggesting that the scale of rates may be so amended as to provide for butter and flour consigned to all ports being charged on the tonnage scale. They requested that the Chamber should support their case. The Committee forwarded a copy of the representation in question to their representatives on the Board of Trustees of the Port Trust and requested them to support the case of Messrs. Polsons when the matter came before the Port Trust.

Abolition of Warehouses storing charges for duty paid and bonded cargoes stored in the Port Trustees' docks-warehouses.

The Committee noted with satisfaction the decision arrived at by the Trustees of the Bombay Port Trust on 12th March 1935 to abolish with effect from 1st April 1935 the storing charges hitherto levied on Duty paid and bonded cargoes stored in the Trustees' Docks Warehouses.

The advantages accruing to the Trade it was pointed out by the authorities would be particularly apparent in the case of short-term storage upon which the incidence of the storage charge was disproportionately heavy.

The Committee circularised this welcome relief to the mercantile community among their members.

Bombay Port Trust Docks Working hours.

The views of the Committee were invited by the Docks Manager, Bombay Port Trust, on the proposal to reduce the present time scale of working hours in the Port Trust Docks from 9 hours to 8 hours. The Committee in reply, opposed the proposal on the ground that the revised time scale would be very unsuitable to the different trades concerned. The Committee hoped that the change would not be brought into effect.

Three representatives of the Federation of Indian Chambers of Commerce and Industry at the joint Railway-Shipping Conference called by the Government of India to consider the question of competition between shipping and railway interests.

The Federation of Indian Chambers of Commerce and Industry invited the names of three representatives to the Conference called by the Government of India in Delhi on December 20, to consider the question of competition between the shipping and railway interests. The Committee suggested the name of Mr. Manu Subedar, President of the Chamber, from Bombay.

The Committee afterwards were informed by the Federation that the following three gentlemen had been nominated to represent them at the said conference:—

- Mr. Manu Subedar from Bombay.
- Mr. Amritlal Ojha from Calcutta.
- Mr. Lalji Mehrotra, Karachi.

Interview with the Chief and Financial Commissioners of Railways.

The Committee had an interview with the Hon. Sir Guthrie Russel, Chief Commissioner and Mr. P. R. Rau

Financial Commissioner of Indian Railways on 25th July 1935 when the following questions were discussed :

1. Decrease in earnings of Indian Railways.
2. Reduction in railway rates, freights and fares.
3. Classification of goods.
4. Manufacture of waggons and locomotives in India.
5. Stores purchase by the Indian Railways.
6. Proposed electrification from Borivli to Virar.
7. Re-introduction of mileage coupon tickets to commercial travellers.

A Summary of the proceedings at this interview has already been published in the Press.

New Risk Note Form "A" in respect of Ale and Beer.

The Indian Railway Conference Association invited the views of the Committee re: the proposal before its Commercial Committee from the B. B. & C. I. Railway, in respect of Risknote Form "A" for consignments of ale and beer. In this connection Messrs Spencer and Co., and Messrs. Cutler Palmer protested to the B. B. & C. I. Railways, against their insistence on new Risknote Form "A" in respect of their consignments of ale and beer which were reasonably packed in wooden casks. In consequence thereof the Railway recommended concession to these consignments of the above parties, pending confirmation by the Indian Railways Conference Association.

The Committee in reply informed the Indian Railway Conference Association that as a matter of general principle they were always opposed to Railway Administrations insisting on risknotes in respect of goods reasonably packed and that in this particular case they had no objection provided similar facilities were extended to other goods reasonably packed.

Exemption of Cinema films from Risk-note 'Y'.

The attention of the Committee was drawn by the Motion Picture Society of India to the fact that the Indian

Railway authorities insisted on obtaining Risk-note 'Y' for Cinema films: The Society contented that there was no reason to compel distributors of cinema films to sign Risk-note 'Y' because there had not occurred any loss or damage in the past. They had therefore made a representation to the Indian Railway Conference Association asking for exemption of cinema films from Risknote 'Y' and the Committee were requested to support their representation.

The Committee in addressing the Railway Board strongly supported the claim of the Motion Picture Society. The Committee in this connection invited the attention of the Railway Board that the various Railway authorities in India did not insist on having Risknote 'Y' on goods more or less of similar nature as cinema films which were accepted at owners risk. The Committee therefore hoped that the Railway Board would consider the request of the Motion Picture Society favourably.

Introduction of container service on the Indian Railways.

The G. I. P. Railway invited the opinion of the Committee on the advisability of introducing a service of containers on railways in India and enquired whether, if introduced, merchants would make use of such containers. The Committee, in reply, informed the Railway Co., that in order to enable them to express their views on the question they wished to have particulars in regard to the scale of charges, arrangements in regard to supply of containers manufactured within the country, arrangements for the return of empty containers and details about the forms of service, the container system could be expected to render etc.

These particulars having been supplied by the Railway authorities, the Committee in expressing their views on the same, doubted the utility of the container service in India having regard to the present organisation of production and consumption in the country. The Committee wanted to know if the Railway authorities had worked out any figures in regard to the initial cost to the railways of such

containers, cost of upkeep and repair of charges to be levied on users when a return traffic could be secured and of the charges which would be payable when there would be no possibility of return traffic.

The Committee also wanted to know the existing conditions for the transport of oil in bulk and to what extent the facilities were available whenever demanded by the trade.

In reply the G.I.P. Railway informed them that no estimate had yet been prepared of the initial cost of containers and repairs thereof. In view of this the Committee informed the Railway that they had no views to offer on the subject.

Railway receipts to be negotiable Documents.

The Federation of Indian Chambers of Commerce & Industry forwarded a copy of the reply received by them in connection with their representation re: railway receipts to be made negotiable documents and invited the views of the Committee on the same. The Committee in reply observed that one of the main reasons for Government not accepting the suggestion of the Federation and of different Chambers of Commerce was that the difficulties implicit in such an arrangement ruled out the practicability of its adoption. Government further stated that every negotiable instrument, such as a cheque or a bill of exchange was expressed to be payable in money and its terms could be readily gathered from the document itself. A Railway Receipt did not deal with payment of money, but was concerned with delivery of goods. The Committee pointed out that this attempt to draw out an analogy between a cheque or a bill of exchange and a railway receipt was misleading and unjustifiable. While the commercial community wanted railway receipts to be negotiable, that did not mean that they wanted to place them on the same footing as a cheque or a bill of exchange. The Committee emphasised that the railway receipt was even now, to some extent, negotiable as moneys were advanced on the same both by merchants and bankers. If a Railway Receipt was already on the same footing as a Bill of Lading, the Committee pointed out, they could not understand why any

difficulty was felt by Government in accepting the suggestion of the Federation and of other Indian Chambers of Commerce. The Committee hoped that these facts would be placed again before Government and a ruling got from them that a railway receipt would henceforward be deemed to have negotiability in the same sense that a Bill of Lading has.

Representatives of the Federation of Indian Chambers of Commerce and Industry on 'the Railway Classification of goods Conference' at Delhi.

The Federation were invited by the Railway Board to nominate two representatives to attend a meeting of the Indian Railway Conference Association at Delhi in connection with the revision of the General classification of goods on Indian railways. They therefore invited nominations from member-bodies for nominations of two representatives of the Federation for the said meeting. The Committee, nominated Mr. Manu Subedar, President, and Mr. Naliniranjan Sarkar for the purpose.

Subsequently the Committee were informed that Messrs. Kasturbhai Lalbhai and D. P. Khaitan had been elected by Member-bodies to represent the Federation at the said conference. The Conference met at Delhi on the 29th July 1935.

Railway classification of 'Rampatri'.

The views of the Committee were invited by the Indian Railway Conference Association in regard to the suggestion of some of the railways that "Rampatri" which was being classified in certain railways under spices at 6 R. R. and 4 O. R. and in other railways under country drug at 4 R. R. should henceforth be classified under spices only. The Committee on making enquiries in the Trade circles found that "Rampatri" was generally used by poor people in place of mace as a country drug and therefore its being classified under a higher classification would unduly hit them. The Committee, therefore, informed the

Indian Railway Conference Association that "Rampatri" should be classified under country drug at 4 R. R. for railway classification purposes.

**Railway classification of Boards, Patent, building,
roofing or insulating.**

The Indian Railway Conference Association informed the Committee that some difficulties were experienced by the N. W. Rly. in regard to the classification of Celotax as roofing, felt or patent, which was objected to by the interests concerned on the ground that the article was not used for roofing and that it was primarily used for ceiling and insulating purposes and should therefore be charged as board rather than roofing felt. The N. W. R. pointed out another difficulty in the straw case of Upson board and Upson insulating board. It was therefore suggested that the entry of "roofing felt or patent" be deleted and an entry of "Board, patent, building, roofing or insulating—4 R. R. or 2. O. R." be provided in the General Classification of Goods. The views of the Committee having been invited on the above proposal, the Committee informed the Railway Conference Association that they had no objection to the same.

**Various proposals before the Indian Railway Conference
Association for the classification etc. of the following
articles.**

The views of the Committee were invited by the Indian Railway Conference Association on the classification etc. of the following articles.

1. Brooms (Country)
2. Esufgool seed
3. Packing of live tortoise, by passenger trains
4. Rates for peppermints, chocolates etc., by passenger trains.
5. Freight rates for Upson Board and Upson insulating Board.
6. Bituminous solution

7. Inclusion of a number of articles in the list of synonyms etc.
8. Rates for furniture polishes.
9. Freight on Varnishes.
10. Gunmetal manufactured.
11. Celluloid bangles, celluloid manufactured and unmanufactured packed in boxes and tins; toys celluloid, tin and rubber.
12. Myrobalan flowers.
13. Rates for metal ware (Moradabad).
14. Iron or tin rings and eyelets for shoes.
15. Windolite.

The Committee informed the Indian Railway Conference Association that:

With regard to Item Nos. 1 to 7, they had no objection to the proposals;

With regard to item Nos. 8 to 10, they had no views to offer;

With regard to item 11, the Committee while approving all the other proposals re: Celluloid bangles, toys, celluloid tin and rubber goods, stated that Celluloid unmanufactured should be classified under 4 R. R. instead of 6 R. R., because it would materially help the indigenous industries using the same as their raw material.

With regard to item 12, the Committee suggested that Myrobalan flowers should be classified as tanning material at 1 R. R.

With regard to item 13, the Committee were of opinion that the classification of metal wares should not be raised to 6th Class from 4th class as the Moradabad metal wares were simply brass with a tin coating;

With regard to item 14, they concurred with the classification of iron or tin rings and eyelets for shoes by the E. B. Railway; and

with regard to item 15, the Committee suggested that windolite should be classified under glassware N. O. C. instead of hardware N. O. C. as proposed.

Various proposals before the Indian Railway Conference Association for the classification etc. of the following articles.

The views of the Committee were invited by the Indian Railway Conference Association on the classification etc. of the following further articles :

1. Inhibitor.
2. Aniline and Antimony salts.
3. Inclusion of certain articles in the list of synonyms, trade etc.
4. Simplification of General classification re: various articles.
5. Cigarette tin cutters.
6. Poultry shell grit ; and
7. Rates for seeds, N.O. C.

With regard to Inhibitor the Committee had no views to offer, and with regard to the other items they had no objection to the proposals.

Various proposals of the Indian Railway Conference Association for classification, etc. of the following.

The views of the Committee were invited by the Indian Railway Conference Association on the classification, etc., of the following articles :—

1. Acid sulphuric,
2. Cement tiles and re-inforced concrete.
3. Furniture, N. O. C.
4. Fruits and Vegetables.
5. Inclusion of certain articles in the List of Synonyms, trades, etc.
6. Plaster.
7. Reeds, rushes, Karvis, etc.
8. Rubber substitute,

The Committee, in forwarding their views to the Association observed that with regard to items (1) to (5), they had no objection to the proposals; with regard to items (6) and (7), the Committee had no views to offer; and with regard to item (8), they were of opinion that rubber substitute should under no circumstances be classified lower than raw rubber.

Various proposals of the Indian Railway Conference Association for classification etc., of the following.

The views of the Committee were invited by the Indian Railway Conference Association on the proposals re: classification etc., of the following :

1. Ferro-silicon.
2. Timber Mahogany logs.
3. Ply wood.
4. Seeds common—garden, vegetables, flowers, fruits, etc.
5. Earth oil-packing conditions for.
6. Toilet requisites.
7. Iron doles.
8. Iron surface box.
9. Colour powder for aerated waters.
10. Petromax lanterns.

In forwarding their views on their references, the Committee approved of the proposals re item 1 and 2 ; with regard to items 3 to 5 they opposed the suggestions and with regard to 6 to 10 the Committee had no views to offer.

Fright on cocoanut oil from Bombay to Delhi and Via.

The attention of the Committee was drawn by a member to the disparity in railway freights between groundnut oil and cocoanut oil from Bombay to Delhi and via over the B. B. & C. I. Railway; the freight on groundnut oil being Rs. 1-6-4 per Bengal maund, while that on cocoanut oil being Rs. 1-9-3 for the same load and distance. In 1933, when this matter was represented to the B. B. & C. I. Railway by

the member concerned, it was pointed out by the Railway authorities that the relatively higher price of cocoanut oil accounted for the difference in freight rate. The price of cocoanut oil had since then considerably gone down and was now even below that of the groundnut oil. The Committee therefore addressed the B. B. & C. I. Railway in this matter and pressed in the interests of Bombay Oil Milling industry that freight on cocoanut oil should be reduced at least to that on groundnut oil. In reply the Committee were informed that the special rate for groundnut oil, viz. Rs. 1-6-4 per Bengal maund was being notified from Bombay to Delhi and via with effect from 1st May 1935 in local booking and from 1st June 1935 in through booking.

Enhanced freight on grain and seeds from certain stations on the G. I. P. Railway.

The attention of the Committee was drawn by the Grain Merchants Association to the enhancement, to come into force from 1st December 1935, recently made by the G. I. P. Railway in freight rate on grain and seeds from certain stations on the railway. The Grain Merchants Association had represented to the G. I. P. Railway authorities pointing out how adversely these enhancements affected the trade of the City of Bombay and strongly urged the necessity of cancelling these enhancements in freights.

The Committee in this connection requested their representative on the G. I. P. Railway Local Advisory Committee to take up the matter with the authorities concerned.

Difficulties of the Bombay Oil Crushing Industry.

The attention of the Committee was drawn by a member in regard to the difficulties experienced by the local groundnut oil crushing industry by the heavy railway freight on groundnuts imported into the city.

The Committee thereupon addressed the G. I. P. Railway Authorities, drawing their attention to the long-standing grievance of the business community in regard to

heavy freight on groundnuts, and reminded the railway of the Committee's representation to the Railway Board in 1931 pressing for reductions in freight on groundnuts. Since no action had been taken, the Committee pressed once again that the Railway Authorities should seriously consider the question and afford the much needed relief to the local oil-crushing industry by effecting adequate reductions in freight. The Committee pointed out that groundnut oil cakes imported into the city from the mofussil were classified generally as manure. They suggested that these oil cakes should be given the concession only when they were used for manure in India, and not when exported. The Committee also suggested that groundnut oil cakes used for cattle fodder should continue to receive the benefit of the concession rate.

Transport facilities for oil in bulk over the G. I. P. Railway.

One of the members of the Chamber drew the attention of the Committee to the difficulty experienced by him in regard to transport facilities for oil in bulk over the G. I. P. Railway. The member brought this to the notice of the railway authorities but was told that no allotment of wagons would be made to new comers and that in the absence of sufficient stock on hand he could only have chance when turn occurred. The Committee were requested to take up this matter with the authorities concerned. The Committee requested their representative on the Local Advisory Committee of the G. I. P. Ry., to do the needful in the matter.

Introduction of Round Tour Tickets on the G. I. P. Railway.

The Publicity Officer, G.I.P. Railway invited the views of the Committee on the proposed introduction of Round Tour Tickets for tours on payment of the concessional rate of three-quarters of the full fares, tours to be restricted to one Railway or might be extended over other railways, the condition required, being that the distance travelled should not be less than 2,000 miles.

The Committee in forwarding their views observed that they did not think that the mileage of the G.I.P. Ry., was sufficient to complete one single or return journey of 2,000 miles. Under the circumstances the benefit of the concessional rate for Round Tour Tickets was of doubtful utility to businessmen. Secondly, if the introduction of the Round Tour Tickets was contemplated as a substitute for the mileage Coupon Tickets for Commercial Travellers, the Committee informed the Publicity Officer that they could not support the new scheme.

**Non-stoppage of 3 Down and 4 Up Mails of the
B. B. & C. I. Ry., at Bhawani Mandi.**

A complaint was received from some Merchants of Bhawani Mandi on the B. B. & C. I. Ry., in regard to the recent decision of the B. B. & C. I. Railway authorities to discontinue stopping of 3 Down and 4 Up Mails at that station. The Bhawani Mandi Merchants pointed out that this caused great inconvenience to the businessmen at that place which was developing into a business centre on account of the facility hitherto provided by the B. B. & C. I. Ry. The Committee requested their representative on the Local Advisory Committee to take up the matter in that Committee.

After making due enquiries from the B. B. & C. I. Ry. authorities, the Chamber's representative on the Local Advisory Committee of that Railway informed the Committee that as there was not sufficient traffic, it was not possible to press for the stopping facility at that station as desired by the Mandi Merchants.

Directory of commodities published by the G. I. P. Railway.

The G. I. P. Railway authorities invited the views of the Committee on the question of making upto date the Directory of Commodities which was issued by the G. I. P. Railway sometime back, and also invited various suggestions in the direction of improvement of the said publication. The Committee requested their representative on the Local Advi

sory Committee of the G. I. P. Railway to offer suitable suggestions for the improvement of the said publication.

Facilities for Indian Holiday Tourists by Railways at Calcutta and other places.

The attention of the Committee was drawn to some difficulties experienced by a private agency in Bombay, which was arranging a Special Tourists Train to Calcutta and other places during the Christmas holidays. It was understood that the East Indian Railway was reluctant to give necessary facilities to the Indian tourists at Calcutta, which were usually given by railways to foreign tourists in India.

The Committee, in view of this, requested their representative on the G. I. P. Rly. Local Advisory Committee to move in the matter with a view to securing for the Indian tourists the necessary facilities and amenities at Calcutta and other places.

Question of introduction of the British Post Office procedure for counting words in the Indian inland telegraph service.

The Director General of Post and Telegraphs informed the Committee that it was proposed to revise the existing rules for counting unintelligible combinations of letters in Indian inland telegrams so as to bring these rules into line with the rules in force in Great Britain, France, Germany, Italy, the Dominions and the majority of other countries in the world. From clauses 377 and 386 of the Indian Post and Telegraph Guide it would be observed that the existing method of counting such combinations was different according as the telegrams were written in code language or in cipher. In the case of code telegrams, there were certain restrictions as to the formation of code words in the text, which must not also exceed 10 letters in length while in the case of cipher telegrams the words might be formed in any way and they were counted at 5 letters to a word. With a view to adopting a uniform method of counting unintelligible combinations of letters in all telegrams whether in code language or cipher, and in view of the fact that

representations had been received from some commercial bodies for modifying the existing complicated rules relating to code language telegrams and abolishing the requirements that vowels must be included in certain proportions in each group of letters, it had been proposed to introduce in the Indian inland service the same procedure as in the British Post Office, viz, that all words not forming part of a modern language and all combinations of letters not forming recognisable words should be counted at 5 letters to a word in the text of a telegram. The views of the Committee were invited on this proposal.

The Committee in reply informed the Director General that when this question came up for their consideration in 1934 they had forwarded their views expressing their inability to accept the proposal to introduce the five-letter code system in inland telegraph service. They pointed out that the Director General's letter had not disclosed any additional grounds which would justify reconsideration of their attitude on the question. The Committee were, therefore, not in favour of the proposal contained in the Director General's letter.

Disparity in Postal rates for ordinary and Airmails between U. K. and India and vice versa.

The Committee addressed the Director General of Posts and Telegraphs in connection with the disparity in postal rates for ordinary and airmail between India and U.K. and vice versa. The comparative rates for letters at present are as follows:

Ordinary	Per Unit
From India to England	Rs. 0—2—6
From England to India	1½d.
Air mail.	
From India to England	„ 0—7—6
England to India	6d.

The Committee observed from the above that the postal rates for ordinary mail and air mail from India to England were much higher than such rates from England

to India. They submitted that this disparity in Postal rates between India and England was unjustified and constituted an avoidable burden not only on the commercial community but the general public of the country. It could not be suggested that the traffic outward was materially different from the traffic inwards. The Committee therefore emphasised the necessity of bringing the postal rates, both air-mail, and ordinary mail, from India to England in parity with those from England to India as it would stimulate greater postal traffic from India to England.

The Director General of Posts & Telegraphs in reply informed the Committee that there was not necessarily any element of reciprocity in fixing the ordinary postage rates for correspondence exchanged between any two countries, as the rates levied by each country were fixed with reference to its own financial and other considerations within the limits specified by the regulations of the Universal Postal Union. The postage realised on an outward article posted in a country had to be fixed with regard to the cost of internal collection, sorting and despatch to the frontier of the country of destination as well as of the conveyance from its own frontier and sorting and distribution of the inward letter received in reply.

The air mail postage was composed of postage proper and the air mail fee. The latter was fixed on an economic basis with reference to the conveyance charge payable to the carriers and it was not possible to fix a lower rate of air fee at present. There was no element of reciprocity in this respect also.

Under the circumstances the Director General regretted that he was not in a position to make the charges levied by the Indian Post Office on correspondence for Great Britain and Northern Ireland uniform with those imposed by the British Post Office on correspondence sent to India.

The Director-General subsequently forwarded a comprehensive Memorandum explaining the position as regards Postal rates between India and England.

**Levy of warehousing charges on foreign parcels vide
Appendix 26, Annual report for 1934 page 158.**

In this connection the Committee were informed by the Director General of Posts & Telegraphs that the decision to levy warehousing charges was based on the ground that the Post Office had to incur considerable expenditure in the protection of parcels. A period of 10 days was however allowed as the normal period during which an addressee could take delivery of the same after the issue to him of the notice of its arrival. Under the circumstances the Director General pointed out that there was no justification for the Post office to forego the warehousing charges. The letter was recorded.

**Discrepancy in Postal Rules in regard to transmission of
gold and silver ornaments, etc.**

The attention of the Committee was drawn to the different limits laid down in Rules 96 (9) and III of the Posts & Telegraph Guide for transmission by Inland Post of gold and silver bullion and gold and silver ornaments, etc., respectively. The Committee in addressing the Director General of Posts & Telegraphs on the subject, observed that the limit for transmission of gold and silver bullion under Rule 96 (9) was Rs. 700, while that for gold and silver ornaments was Rs. 3,000. In 1925 at the instance of several Association-Members of the Chamber, the Committee had taken up this question of limit for transmission of gold and silver bullion with Government. Government then were pleased to raise the limit from Rs. 300 to Rs. 700 though the various Associations wanted the same to be raised to Rs. 2,000. Since then the movement of bullion from place to place had increased considerably and also the prices of bullion had registered considerable increases. The present limit of Rs. 700, was, therefore, very low for the movement of bullion. The Committee also pointed out a discrepancy in the limit for transmission of gold and silver ornaments as disclosed by the above Rules. They submitted that there was hardly any justification for fixing the limits in respect of gold and silver ornaments. The Committee therefore re-

requested Government to enlighten them as to the reasons why the limits in respect of gold and silver bullion and gold and silver ornaments for transmission by Inland Post had been fixed differently.

Complaints re : discontinuance of the morning news bulletin and Bazar Rates by the Indian Broadcasting Service.

The attention of the Committee was drawn to the omission in the programme of the Indian Broadcasting service of the item of bazar rates and morning news bulletin which was a special feature of the Service uptil recently. The Committee on receiving some complaint re : this omission addressed the Government of India pointing out that businessmen not only in the city but also in the mofussil very much appreciated the special feature of giving bazar rates etc., because they came to know of the rates and different events in the business world long before they got their regular papers. The Committee observed that broadcasting of such news enabled businessmen to keep in touch with the different markets in the city and thus safeguarded them against any transactions they might enter into regardless of the trend of the business conditions. The Committee were further informed that the radio was now being used by agriculturists also who were enabled thereby to keep themselves in touch with the business conditions. This being the case, the Committee were surprised at the discontinuance of such useful and important item from daily broadcasting. The Committee therefore requested Government to inform them of the reason or reasons for such an omission and also urged the advisability of restoring this daily item on the agenda of the radio programme.

Information re : the working of the Telephone Branch Department of the Government of India.

The Committee of the Chamber in their correspondence with the Telephone Co., Ltd., in regard to the question of reduction of telephone charges were informed by the Bombay Telephone Company that the financial results of the rates charged by Government being not known it was diffi-

cult to compare the rates charged by them with the rates charged by the Company. Thereupon the Committee addressed the Director General of Posts and Telegraphs requesting him to send in reports of the working of the telephone by Government at their various centres since the reply of the Bombay Telephone Company directly implied that the Government Telephone system was working at a loss and therefore comparisons between the Bombay Telephone Company charges and Government charges would be misleading. The Director General of Posts and Telegraphs in reply informed that the present revised telephone rates have been fixed after a detailed investigation of the cost of the telephone branch of the Department as a. whole including all overhead charges and the total revenue derived from these results provided an adequate return on the capital invested. The Director General regretted that more detailed statement could not be supplied.

The Committee thereupon again addressed the Director General of Posts and Telegraphs informing him that they wished to compare the basis of charges levied for the telephone service in cities like Delhi, Cawnpore etc. with that in Bombay. The Committee trusted that the Director General maintained separate accounts for the telephone service in the different cities. They therefore requested him to supply these particulars as soon as possible.

Reduction in Telephone Charges.

The Committee were requested by the Karachi Municipality to impress upon the Bombay Telephone Co., Ltd., the necessity of effecting greater reductions in the Telephone Charges. In the meantime the Committee learnt with some satisfaction that the Telephone Company had subsequently announced some reductions in their existing telephone charges. The Committee however, felt that the reductions effected did not go far enough and that there was a good case for greater reduction alround. They therefore requested the Telephone Company to reduce the charges more substantially which would be in the interests of the Company and would tend to increase the aggregate income

by a greater extension of the telephone services in the city and mofussil.

The Company informed that it had made the greatest reductions that could be possibly contemplated at the time and further reductions were, therefore, not possible.

The Committee thereupon again addressed the Telephone Company pointing out that from 1924 onwards the Company had made continuous progress and had enjoyed a remarkable measure of prosperity in comparison with other concerns. Prices of materials had during the last decade and particularly from 1929 considerably gone down and interest charges, which the Company had to pay on the Debenture stocks, also had come down from $8\frac{1}{2}\%$ in 1925 to $6\frac{1}{2}\%$ in 1928, and by the arrangements made by the Company would be reduced to 4% in near future. The satisfactory progress of the Company was further reflected in the increased rate of dividends, viz. from 2% in 1924 to 8% in 1934. The Reserve, Depreciation and Suspense funds had also registered successive increase viz. from Rs. 6 lakhs in 1924 to Rs. 12 lakhs in 1934. The Committee then compared the charges of the Company with those in Delhi and Cawnpore and pointed out how even the recently reduced charges of the Company were much higher. The Committee also pointed out that a public utility concern like the Bombay Telephone Company should primarily be run in the interests of the general public and not only in the interest of its shareholders. In the opinion of the Committee, it was high time now that the Bombay Telephone company should share its continued prosperity as disclosed by the figures quoted with its subscribers by effecting substantial reductions in the charges.

New Conditions in contracts for Telephone Service.

The attention of the Committee was drawn by a member to a circular issued by the Bombay Telephone Company to its subscribers regarding two new conditions in the service contracts, viz (1) change in telephone numbers and (2) overloading on lines.

The Committee thereupon addressed the Telephone Company pointing out the great inconvenience and annoyance likely to be caused to a subscriber of the Company if change was made in his telephone number from time to time. The Committee suggested that the Company should try to avoid all this and requested that the condition re: change in numbers should not be insisted upon in the contracts. With regard the overloading, the Committee pointed out that the new condition was most objectionable. When a contract was made with the Company it was presumed that the subscriber was at liberty to use telephone as many times as he liked. The inclusion of this new clause in the contract would leave the subscriber at the mercy of the Company. Under the circumstances, the Committee requested the Telephone Company not to have both the above conditions in the contracts.

The Telephone Company in reply observed that there was practically no difference between the views and interests of the Company and those expressed by the Committee with regard to change in telephone numbers. With regard to overloading on lines, the Company stated that at present a small percentage, estimated at about 6 to 7%, had a large amount of traffic and very serious congestion was caused on the Company's exchange to the detriment of the remaining subscribers, who themselves paid for adequate number of lines to carry their own traffic. The Committee thereupon enquired of the Company as to how changes were effected in numbers, specifying business and residence, during the last six months to enable them to appreciate the justification, if any, for the new condition re: the same. With regard to over-loading on lines, the Committee observed that the main reason why persons, who had considerable traffic on their lines, were not inclined to go in for extra exchange lines, was the present heavy charges of the Telephone Company. In this connection, the Committee also requested the Company to enlighten them on what basis calculations were proposed to be made in regard to the so-called heavy traffic or over-loading on lines,

Defective Public Telephone Service.

The attention of the Committee was drawn by a member to the defective machines that were found to be installed in public telephone in some places. What happened several times in regard to such defective machines was that two-anna pièces did not come out even when there was no connection available and members of the public had thus to lose their money. The Committee had seen in this connection correspondence that had passed between a reputable party known to the Chamber and the Company and they were surprised to find that the Telephone Company gave evasive and unsatisfactory replies. The Committee thereupon addressed the Company and pointed out that the Company could not evade responsibility in such a matter like that as they undertook to return the coin as per notice on the (the Company) machines, and the Company should do so unless they (the Company) questioned the bona fides of the party complaining.

The Committee pointed out that if the public telephones were to be really useful to the public it was essential that they should be kept in perfect running order. In order to ensure this, more regular examinations of machines was necessary. The Committee, therefore urged the Telephone Company to get the public telephone machines examined periodically and see that they were kept in good order so that complaints of this nature might not arise in future.

In reply the Committee were informed that the public telephones were being regularly examined and set right every week; but it appeared that some people tampered with machines perhaps with the object of extracting the money dropped therein. This was pointed out as a cause for defects detected in some of the public telephones. The Committee again addressing the Bombay Telephone Company observed that if such tampering was being done and if some members of the public were able to take away the coins, it indicated that the machines did not do the work for which they were purchased and installed and must be, therefore, of an unsuitable type. The Committee were of opinion that a public utility concern like the

Bombay Telephone Company were bound to keep the public telephone in proper working order and if they were not and if the public lost any money because of the defective machines, the Telephone Company must consider it its duty to refund the coin or coins, where no question could be raised as to the bonafides of the party complaining. The Committee enquired if any steps had been taken by the Company upto now to proceed legally against any one tampering with the telephone machine or any prosecution of parties caught in wrong-doing. The Committee in conclusion again requested the Telephone Company to try to remove this public grievance, as early as possible and deal equitably with claims of complainants.

Publication of Monthly Supplements to the List of Subscribers of the Telephone Company:

In reply to the Committee's request to publish monthly supplementary lists of subscribers, the Committee were informed by their representative on the Board of Directors of the Bombay Telephone Company that the publication of such monthly list would involve great trouble and inconvenience to the Company and the costs, particularly of posting them would be heavy. The Company however would not mind getting such lists prepared and printed, but they could not post them, and intending subscribers would have to obtain them from the Company's Office. The Committee considered the arrangement as satisfactory.

Civil Aerodrome for the City of Bombay.

Taking advantage of the visit to the City of the Director of Civil Aviation in India, the Government of Bombay arranged a conference on 27th February at the Civil Secretariat, to discuss the question of providing a Civil Aerodrome for Bombay on Block No. 7 and part of Block No. 8 of the Backbay Reclamation area. The Government invited a representative of the Chamber to attend the same and Mr. Manu Subedar, the President of the Chamber, was deputed for the purpose.

II. FINANCE, TARIFF AND TAXATION.

Budget of the Government of India for the year 1935-36.

The Committee addressed a communication to the Government of India, containing their views on the Budget proposals for the year 1935-36.

They regretted the continued defence of the policy of allowing free exports of Gold from India.

They deprecated the policy of selling silver, and sounded a note of warning that Government might be obliged to buy silver at a premium if there should be a demand from the public for silver Rupees.

They protested against the proposal for utilising surplus for capital purposes, instead of giving relief to the tax payer. They also felt that the revenues were unduly under-estimated.

They regretted the restoration of the cut in the salaries of public servants, and felt that some relief in taxation was over-due. They suggested the removal of Income-tax surcharge and also raising the limit of taxable income from Rs. 1000 to at least Rs. 1500.

They pointed out that the protection afforded to the Indian sugar industry was being negatived by abnormal imports of sugar from Java at prices lower than the fair cost of production assumed by the Tariff Board. They, therefore, suggested that Government should revise the import duty on sugar, so as to afford the industry necessary relief.

They pressed for the continuance of the import duty on Salt.

They felt that adequate reduction should have been secured in the Military expenditure and that at least a sum of Rs. 50 lakhs could be saved under this head during the year. They suggested that such a saving should be added to the grant to the Provinces for rural uplift.

Interview with the Hon. The Finance Member to the Government of India.

The Committee had an interview with the Hon'ble Sir James Grigg K. C. B. Finance Member to the Government of India on Friday, the 30th August 1935 when the following questions were discussed :

1. Banking Reforms.
2. Separation of railway from general finances.
3. Settlement with maritims states.
4. Relief to taxpayers.
5. Income tax reforms.
6. Preference to Great Britain.
7. Economic planning.
8. Revision of Tariff Schedules.
9. Financial safeguards under the new Government of India Act.
10. Need for raising prices in India.

The proceedings of this interview were published in full in the press.

Protest against the constitution of the Committee re: Financial Relations between the Central and Provincial Governments.

The Committee sent a telegram of protest to the Government of India against the appointment of a non-Indian as Chairman and only member of the Financial Relations Committee. The Committee pointed out that since the date of Federation was not fixed, the point about expeditious procedure with one outside man only was absurd. They observed that the business community were vitally concerned with the Financial Relations Committee and regarded the omission of non-official Indian experts or businessmen from the Committee as an objectionable practice. The Committee further observed that by the appointment of such a Financial Relations Committee not only Indian legislatures were ignored, but Indian Co-operation was flouted and the action of Government was in marked contrast with the

recent appeal of His Excellency the Viceroy regarding the Constitution. In conclusion the Committee urged that in view of public protest they trusted that Government would reconstitute the Financial Relations Committee.

**Currency Notes (Refund) Rules and free remittance facilities
by the Reserve Bank of India :**

The Federation of Indian Chambers of Commerce and Industry informed the Committee that it was understood that the Reserve Bank Authorities would be offering free remittance facilities to the Scheduled Banks, with a view to minimise the chances of currency notes being cut for remittance purposes in the mofussil. The Federation wished to ascertain from the Member-bodies as to how far the advantages that the Scheduled Banks had secured in this respect had benefited the commercial community.

The Committee, after making necessary enquiries in the matter, informed the Federation that the general opinion seemed to be that such facilities had not been of any material help to persons remitting small amounts to various places, and particularly in the mofussil. Such facilities were only available for the movement of big funds and in the places where the Reserve Bank or the Scheduled Banks had their offices. Remittances by persons doing business on a small scale, however, were of small amounts, for which the present method of sending cut currency notes through Post was the only available recourse.

The Committee in this connection addressed the Reserve Bank authorities also pointing out that both the Majority and Minority reports of the Indian Central Banking Enquiry Committee had emphasised the necessity of reducing remittance charges on monies moving from place to place in India to increase the free mobility of capital. The Committee pointed out that when the Reserve Bank Bill was in the Select Committee, this matter was discussed when it was specifically settled that the facilities given by the Reserve Banks to the Member Bank were understood to be not concessions or privileges to the Member-Banks,

but in the nature of the obligations on the Reserve Bank to reduce the remittance charges throughout India, the Reserve Bank using the Member-Banks as its channel for passing on this benefit to the public. The Member-Banks, the Committee observed, did not seem to have realised their responsibilities in this matter as not only had the benefit not passed on to the public, but some of the Banks were claiming that the benefit was specially given to them in return for the cash which they were leaving with the Reserve Bank. The Committee therefore suggested that the whole matter required to be cleared up and that the Reserve Bank should issue a statement on the same for the benefit of the public.

The Reserve Bank authorities in reply informed that the matter was under consideration of the Bank.

Non-issue of receipts by the Reserve Bank Authorities to Persons presenting Loans, etc. for interest slips :

The attention of the Committee was drawn by a member to the inconvenience and hardship experienced by the business community in regard to the procedure adopted by the Reserve Bank Authorities for the passing of receipts for loans, etc. presented for interest slips. Formerly, when the work of the Public Debt Office was carried on by the Imperial Bank of India, the practice in vogue was that the Imperial Bank Authorities used to pass receipts in the name of persons who presented loans etc. for interest slips. Recently however this has been changed and Reserve Bank Authorities issue receipts not in the names of persons who present the loans but in the names of persons owing such loans.

The Committee in addressing the Reserve Bank Authorities in this matter pointed out that there was good business in Bombay with regard to recovery of interest on loans, etc. by Shroff's and Commission Agents of their constituents upcountry. They further observed that the recent change in the issue of receipts for these loans caused great inconvenience and hardship to such Shroffs and

Commission Agents, because in the first place they were obliged to send these slips to their upcountry constituents which involved delay; and in case of these slips being lost or misplaced it involved considerable inconvenience and expenditure also. The Committee understood that Banks collecting interest on behalf of their constituents were still allowed the privilege of getting these slips themselves and were not obliged to send them back to their constituents. They were of opinion that there was no reason why there should be such a discrimination between the Banks and the Shroffs and Commission Agents. The Committee, therefore, requested the Reserve Bank Authorities to enlighten them as to the reasons which had actuated the Reserve Bank to adopt this new procedure in this regard.

The Committee in reply were informed by the Reserve Bank Authorities that it was a fact that receipt writers had been instructed not to issue receipts in the names of persons lodging the securities over the counter, unless such requests were supported by a letter from the holders of these securities or permission of the Head of the Department was obtained. The Committee were further informed that the present procedure had been in force since 20th Sept. 1932 and was desirable in the interests of security holders.

The Committee forwarded the whole correspondence to the Bombay Shroff Association for information and such further action as might be deemed necessary in the matter.

Facilities for inspection of share register of the Reserve Bank of India by the shareholders of the Bank.

The attention of the Committee was drawn to the difficulties that had recently been experienced by shareholders and proxyholders at the time of the last elections of Directors to the Local Boards of the Bank in various provinces.

The difficulty disclosed was that proxyholders were not allowed inspection of the Share Register with reference to the election of Directors, in different provinces.

The Committee thereupon addressed the Reserve Bank of India observing that it did not appear right to the Committee that the shareholder (proxyholder) should not be in a position to ascertain the exact numbers of his own shares or the shares for which he was holding a proxy. The Committee suggested that if that entailed clerical or any other labour, a small fee should be attached to this, on payment of which it should be open to the shareholder or proxyholder to ascertain the number of shares standing in his name or in the name of a party for whom he held authority (proxy). In any case those facilities should not be denied to those shareholders who for any valid reason such as loss or non-delivery of share certificates, were unable to quote the numbers of their shares in the proxy forms.

The Reserve Bank in reply observed that under Regulation 6 of the Bank's General Regulations under which, except when closed under the provisions of the Bank's Regulations, Share Registers were open to the inspection of any shareholders gratis at the office of the Bank and copies of any part thereof could be granted on prepayment at the rate of six annas for every hundred words. Proxyholders could not get inspection of the Registers at the time of the recent election because they were closed under section 9 (4) of the Reserve Bank Act and Election Regulation 2. The Bank, therefore pointed out that closing of the Share Registers for a certain period before the election was necessary and it was not feasible to amend the regulations in that respect.

The Committee thereupon again addressed the Reserve Bank authorities pointing out that many of the shareholders were those who had deposited the shares with their bankers in the safe custody and were not able to enter the numbers of the relative shares in the proxies they signed, in the recent election. The Committee appreciated that the Share Register or Register of members must be closed for transfer for a certain period before the election date, but it was submitted that inspection of registers as distinguished from registration of transfers should be open for the convenience of candidates as well as for shareholders and proxyholders

who wished to inspect the registers during this period with a view to ascertain share numbers.

Trade restrictions abroad and their repercussions on India's foreign trade.

The Committee of the Chamber had been viewing with great alarm the various restrictions in the form of prohibitions, monopolies, quotas, exchange restrictions, license system, etc. which had been imposed during the last few years in different European countries, and which had adverse effect on India's foreign trade. They, therefore, addressed the Government of India, drawing their attention to these restrictions. The Committee observed that India as such was not discriminated against by these restrictions ; but they could not help saying that many of these restrictions had been brought into operation from the year 1933, i.e. after the Ottawa Trade agreement came into being. The adoption of this new economic policy by Continental countries as reflected in the above restrictions had resulted in a grave disturbance of the normal trade of India and diversion of its flow into channels other than those into which upto that time it was running. The Committee in particular mentioned the instances of the export trade in Seeds, Cotton Lemongrass oil, spices, etc. to the Continent, which was being taken up by certain firms formerly doing only import business. The Committee hoped that Government were watching the situation and were considering measures to counter-act the evil. If, Government however, had not considered any likely remedies, the Committee put forward for serious and immediate consideration of, Government, a scheme for regulating imports and exports from India to countries which had adopted restrictive measures, and the natural consequence of the scheme would be a system of licenses. The object of licensing would be partly to see that current channels of trade were not disturbed ; that the volume of India's export trade was not reduced ; and lastly, that Indian nationals engaged in that trade, who were being penalised at present, should have their proper share in the Import and Export trade of India, instead of such trade passing into the hands of nationals of

other countries, which had adopted this new economic policy. The Committee further added that such a regulation of imports and exports trade of India would lay a foundation for trade treaties for which negotiations, it was understood, were proceeding between some countries such as Canada, Ireland, Italy, etc. and the Government of India, but with which no agreements had been reached. The Committee pointed out in conclusion that it was not only the interests of the commercial community, which were affected by this new economic policy followed abroad, but the interests of Indian agriculturists and producers also were seriously involved.

Import restrictions abroad.

The Committee sent a telegram to the Government of India, Department of Commerce, enquiring what steps had been, or are proposed to be, taken by Government regarding restrictions imposed by the Continental Governments on imports from India, particularly Germany and Italy. They further expressed their serious concern about the recent scheme of German export subsidy which was disorganising Indian trade. Government in reply informed the Committee that the matter was their earnest attention.

Protection to the Glass industry.

The Committee sent a letter to the Government of India, Commerce Department, suggesting immediate publication of the report of the Tariff Board on Glass industry and urging the necessary legislation for the protection of the industry.

Protection to Healds & Reeds industry.

The Committee addressed a letter to the Government of India Commerce Department requesting the early publication of the report of the Tariff Board on Healds & Reeds Industry and urging legislation providing for protection to the industry.

Protection to Woollen Industry.

In response to the general Questionnaire issued by the Tariff Board on the subject of protection to the Woollen

Industry, the Committee sent a memorandum to the Board, strongly supporting the claim of the industry for protection. As many of the questions were of a technical nature they did not reply to the Questionnaire in detail, but confined themselves to some questions of general policy.

They reiterated their conviction that the woollen industry fully satisfied the conditions laid down by the Fiscal Commission for protection, and discounted the attempts made in certain quarters to make out that by the partial dependence on foreign raw materials for superior varieties of woollen manufactures the industry could not come within the protective policy of the country. They recommended a level of protection for the industry which would enable it to face foreign competition and secondly, to consolidate its position, and one which was based on the possibility of returning at least 6 p. c. interest on the present value of the capital sunk in the industry. They supported the claim of the manufacturers that the period of protection should be fixed for at least 12 to 15 years.

The Committee also supported the need for protection against imports of yarns. They felt that the apprehension that if adequate protection was granted against imports of yarn the local manufacturers might not be able to supply the yarn requirements of the handloom industry was unjustified. They pointed out that such apprehensions merely strengthened the demand for heavy duty on the imports of finished goods including hosiery and handloom products and the benefit of such duties would go correspondingly to such handloom industry.

Protection of Silk Industry.

The Mysore Chamber of Commerce, Bangalore, drew the attention to the condition of the Silk Industry and pointed out that the protection afforded to it had failed to achieve its purpose and that by the further falling off of the prices the margin of protection had been substantially reduced. The Committee addressed a communication to the Government of India, drawing their attention to the situa-

tion and requesting them to look into the question and use the Special powers given to the Governor-General under the Indian Tariff Act to revise the duty under certain conditions, so as to bring the same quantum of protection to the Silk industry as was recommended by the Tariff Board, or, at least that level of protection which was ultimately passed by the Legislature.

Appointment of Special Tariff Board for the Cotton Textile Industry Enquiry.

The Committee in addressing the Government of India with regard to the appointment of the Special Tariff Board and the terms of reference regarding the Cotton Textile Enquiry observed that the Mody-Lees pact was condemned by a section of the industry itself and by the country generally. In view of this, the Committee pointed out, it would have been proper if the principle of the agreement itself had been re-examined including all its terms, instead of only one part thereof, viz : the import duties imposed on goods coming from Lancashire. While the terms of reference to the Textile Tariff Board appeared to be deliberately restricted, the single issue whether the present scale of duties against Lancashire goods gave protection to the Indian Textile industry, was to be examined. In the terms of reference adequate protection was defined as the duties which would equate the prices of imported goods to the fair selling prices of similar goods produced in India. The words " fair selling prices " were, however, not defined. It would be useful if Government were to inform the Tariff Board and the textile industry as well as the country, what was meant by "adequate protection", and whether such adequacy was with reference to a return on the capital sunk and, if so, at what rate such return should be calculated and for this purpose what was "capital."

With regard to the personnel of the Tariff Board the Committee reiterated when they had been saying on several occasions before that the Tariff Board should consist of men who command universal respect and who had unquestioned ability as well as marked impartiality.

The Committee regretted to note the appointment of a British businessman as the President of the Board. The Committee felt that such measures must cumulatively result in a deterioration of the reputation, which the Indian Tariff Board had hitherto enjoyed and to that extent it was retrograde step. They also regretted the absence of an economist from the Tariff Board since the terms of reference were limited to the examination of the cost of production in India with reference to selling price of Lancashire goods in this country, the issue being purely an economic one.

The Committee also pointed out that the promise of support for Indian exports in the colonial markets had not materialised and resulted in a serious offtake of Indian manufactured goods. The increased purchase of Indian cotton, for which glowing promises were held out, was very inconsiderable, having regard to the total quantity of the purchase by the other customers of India. The Committee trusted that Government would, before confirming the agreement, utilise this opportunity for examining points, which had to be examined in the interests of India, instead of confining it merely to the examination of an issue definitely and markedly in the interests of Lancashire.

Protection against Japanese Sugar candy.

The Sugar Candy Association of Bombay forwarded to the Committee a copy of their representation to the Government of India complaining about the inadequacy of protection granted to the Sugar Candy Industry and requesting, having regard to the increased import of Japanese Sugar Candy, an increase in the level of protection to the Indian industry. The Association desired that the Chamber should support their case for additional protection.

The Committee addressed a letter to the Government of India requesting them to examine the position sympathetically and to see if any re-adjustment of duty was required to enable local Sugar Candy industry to withstand the competition of imports from Japan.

Indo-British Trade Agreement.

The Committee sent a communication to the Government of India, Commerce Department, conveying their views on the Indo-British Trade Agreement. They firstly regretted the omission to consult Indian commercial opinion at the time negotiations for the agreement were being made, and felt that in the absence of such consultations the agreement could not in any sense of the term be called "Agreement". Discussing in detail the provision of the Agreement they pointed out;

1. that the well founded and longstanding complaint of informed Indian opinion had been that political power was being used by England for the economic exploitation of India, that the Agreement instead of allaying such fears, aggravated the position by laying an axe at the very roots of the Fiscal Autonomy Convention;
2. that the new Agreement would further circumscribe the field of the policy of discriminating protection so as to render it nugatory;
3. that the pledges on behalf of India provided in the Agreement would effectively militate against the protection of industries whenever U.K. happened to be the principal competitor;
4. that the concession of the right to an outside Government to make representations to the Indian Tariff Board and to cause enquiries to be made as to the appropriateness of the level of protection to an Indian industry was not only derogatory to the status and prestige of the future Government of India, but was also an unquestionable proof of the use of political power for securing unfair economic advantage out of the country;
5. that such a provision about consultation and enquiry would introduce an element of uncertainty in the tariff policy of the country, in that the protected country would not be sure of the extent of the protection throughout the protected period, that the

margin of protection would be liable to be varied to suit the exigencies of political and industrial pressure in Britain and that such a position would react adversely on the flow of capital for the development and the expansion of an industry supposed to be enjoying protection;

6. and that the agreement was unfair in regard to its reciprocity, unpleasant in the manner of its origin as a constitutional matter and intolerable if it was to be a model of the business relationship between India and England in the future.

Indo-Burma Trade Discussions.

The Government of India invited the Federation of Indian Chamber of Commerce & Industry to send two representatives of trade and commerce between India and Burma to discuss with the Commerce Member questions relating to the future trade relations between India and Burma in the event of separation of Burma from India. The Federation in turn, according to the usual procedure, requested the Committee to suggest two names. The Committee suggested the names of Messrs. Manu Subedar and Walchand Hirachand. As a result of the election from among the nominations of the memberbodies of the Federation, the Committee were subsequently informed that Messrs. Walchand Hirachand & G. D. Birla had been elected for the purpose.

Drawback of Customs duty on re-exports of linseed oil from United Kingdom.

The attention of the Committee was drawn to the increased rates of drawback of customs duty allowed by the British Government on re-export of linseed oil from that country. This step, it was feared, would lead to a curtailment in the exports of linseed to U. K.

The Committee therefore, addressed a communication to the Government of India expressing their opinion that since supporters of Ottawa Pact claimed that the advantage

under the Ottawa Agreement to Indian linseed was genuine the increased drawback and the pressure which was being brought on the British Government by the Oil crushing interests for removing the preference to Indian oil seeds would nullify the advantages, if any, to Indian linseed from the Agreement. They therefore requested that Government should examine the position and take steps to ensure that the interests of Indian linseed exports to U. K. were not adversely affected.

The Government of India, in reply to the Committee's representation in this connection, informed them that the allowance of drawback had been part of the tariff structure of the United Kingdom for a number of years prior to the Ottawa Conference and its existence was not overlooked in the negotiations for the Trade Agreement with the United Kingdom concluded at that Conference. Recent reports from London showed that the trading was active in new crop Indian linseed. In such circumstances Government did not propose any further action in the matter at present.

The Committee in reply informed the Government of India that they (Committee) apprehended that the effects of the increase in the rate of draw back of linseed re-exported from the United Kingdom from £2 to £3 would be to undermine the benefits supposed to have resulted from the privilege of the Indian linseed in the United Kingdom, because the increased draw back in the United Kingdom would encourage imports of Continental and other foreign linseed oil crushed from non-Indian linseed. Under such circumstances the Committee were not able to appreciate the step taken by Government in the United Kingdom in increasing the rate of draw back. The Committee therefore urged Government to watch carefully the effects of the increased rate of drawback and see whether it had not affected adversely the imports of Indian linseed, thus destroying whatever little advantage that might have accrued to it under the Ottawa Preference.

Import of petroleum into British India via Port Okha.

It was recorded in the Annual Report of the Committee for the year 1934 (vide Page 62) that they had

addressed a communication to the Government of India supporting the representation of the Bombay Port Trust for the discontinuance of the permission granted of the Baroda Government for the importation into British India of petroleum landed at Port Okha, as it was felt that the same led to the accentuation of the problem of the diversion of the trade of Bombay. The Government of India, in reply, informed the Committee that on re-consideration they had withdrawn the permission granted to the Baroda Government for such importation of petroleum.

**Publication of Daily Lists of Imports and Exports
by the Custom Houses of Bombay and Karachi
on the lines of those of Madras, Calcutta
and Rangoon.**

The Committee in this connection addressed the Government of India emphasising the necessity of publishing Daily Lists of Imports and Exports by the Custom Houses at Bombay and Karachi on the lines of those of Madras, Calcutta and Rangoon, instead of allowing private agencies to do so, as at present. They pointed out that subscriptions for these lists charged by the private agencies at Bombay and Karachi were exorbitant, as compared with those at Madras, Calcutta and Rangoon. The Government of India, in reply, informed the Committee that they (Government) did not see sufficient grounds for departing from the present arrangement. The Committee considered this reply as highly unsatisfactory, and therefore they have requested their representative in the Legislative Assembly to pursue this matter further with a view to having such Daily Lists published by the Bombay and Karachi Custom Houses.

Annual revision of the list of Cotton piecegoods.

The views of the Committee were invited by the Director General of Commercial Intelligence and Statistics on the list of cotton piecegoods prepared by his Department for the purpose of Customs assessment and invited the views

of the Committee. The Committee in forwarding their views suggested the following modifications in the list ;—

- i. Aeroplane cloth (cotton) should be separately mentioned as :—

Aeroplane cloth (cotton) grey
 " " Bleached.

2. "Embroidered Flounces":—

The word Flounces should be corrected as Flouncings).

3. For Voiles (cotton) voiles and voile tts (plain, (dyed and printed) be substituted.

Interview with the Director General of Commercial Intelligence & Statistics re : Annual revision of Tariff values.

The Import-Export sub-Committee of the Chamber had an interview with Dr. J. Mathai, Director General of Commercial Intelligence & Statistics on Wednesday, the 20th November 1935 when the various proposals re ; fixation of Tariff values for the year 1936 were discussed.

Provisional Tariff Values.

The Buyers & Shippers Chamber of Karachi had complained to the Director General of Commercial Intelligence & Statistics that the time allowed every year for the consideration of the provisional tariff values was too short and that arrangement should be made for extending the same. The Director General in a letter addressed to the Committee enquired whether they had felt a similar difficulty. The Committee in reply informed him that although they had not in the past felt any difficulty in the direction, they would have no objection to the request of the Buyers & Shippers Chamber being acceded to.

Definition of steel sheets, plates etc., in the Tariff Schedule.

Under the existing tariff classification, iron sheets, 1/8" thick all over, carry a smaller rate of duty than sheets under 1/8" thickness. When merchants indent 1/8" thick

sometimes in the process of rolling at the sources, sheets slightly thinner, are sent out by the manufacturers described as $1/8$ " thick. In such cases the Customs authorities used to treat them as sheets under $1/8$ " thick and assess them at the higher rate of duty. Next to $1/8$ " the commercial gauge was $3/32$ " and therefore for commercial purpose, sheets slightly under $1/8$ " thick, although they have paid the higher rate of duty would be treated as $1/8$ " thick and priced accordingly. This was a source of hardship to merchants and the Iron Merchants' Association drew the attention of the Committee to the same. The Committee addressed a representation to the Central Board of Revenue pointing out the inconvenience caused by the present classification and suggesting that the discretion invested in the Customs authorities should be used in favour of merchants. They pointed out that in the trade the general practice was to allow a 4% margin for errors in rolling and if the Customs authorities also accepted that practice, the slight discrepancy in thickness would be covered.

Proposed changes in the Tariff classification of Molasses

The views of the Committee were invited by the Director General of Commercial Intelligence and Statistics on the proposal to delete the head ; Molasses.

(1) imported in bulk by tank steamers.

(2) otherwise imported from the Tariff Classification.

The Committee in reply informed the Director General that they had no objection to the above proposal.

Proposed alteration of method of silk piecegoods to Customs duties

The Director General of Commercial Intelligence and Statistics informed the Committee that it was proposed to re-introduce the system of tariff values for silk piecegoods. It was also proposed to add additional items to the same.

The Committee in expressing their views on the above, observed that they had no objection to the re-introduction of tariff values for silk piecegoods but feared that cheaper varieties would also be taxed at a higher rate on account of their

being grouped together with items of the designation carrying higher value. The Committee therefore requested the Director General to take this aspect into consideration and devise a solution which would remove this difficulty.

Proposed fixation of tariff values for scrap metal, containing nickel.

The Director General of Commercial Intelligence and Statistics informed the Committee that it was difficult to ascertain the correct real value of any consignment of scrap metal containing nickel such as cupro nickel bullet cases and old German silverscrap for assessment to import duty without making careful enquiry in the market. It was therefore proposed to fix tariff values for "cupro nickel bullet cases, old, and German silver including nickel silver, old". The Committee in expressing their views observed that they had no objection to the said proposal.

Proposed change in the Tariff Classification-Separate tariff value for "betelnuts" (husked) - sliced betelnuts.

The views of the Committee were invited by the Director General of Commercial Intelligence and Statistics in regard to the proposed change in the tariff classification of betelnuts (husked)—sliced betelnuts. It was pointed out that difficulty had been experienced in certain cases in classifying sliced betelnuts into mature and immature varieties and it was accordingly proposed to assign a separate tariff value for Betelnuts (Husked) - sliced all sorts" with effect from next year. The Committee in expressing their views observed that they were opposed to the proposal in the interests of the trade.

Proposed change in the tariff classification re : "dates, dry, in bags."

The views of the Committee were invited by the Director General of Commercial Intelligence & Statistics in regard to the proposed change in the tariff classification of "dates, dry, in bags". It was pointed out that the present classification of dry dates in bags was based on the origin of dry dates and that it was proposed to change the

classification according to quality. The Committee in expressing their views informed the Director General that they were opposed to the proposed revision of the classification as not being in the interest of the trade.

**Proposed re-introduction of the Tariff value head
Banslochan in the tariff classification.**

The Director General of Commercial Intelligence & Statistics informed the Committee that it was proposed to re-introduce the tariff value head for Banslochan in the Tariff classification. The views of the Committee were invited on the same. The Committee informed the Director General that they had no objection to the same.

Tariff classification of Ceylon coconuts.

The Director General of Commercial Intelligence & Statistics informed the Committee that the average value for Ceylon coconuts was higher than that of the nuts imported from other countries. Under the present arrangement however all these nuts were assessed as "coconuts, others", under a common tariff value of Rs. 22/12 per thousand. It was therefore proposed to assign with effect from 1st September 1935 a separate tariff value for "Coconuts, Ceylon" at Rs. 28/8. The Committee in reply informed the Director General that they had no objection to the proposal.

Classification of Transformer Oil.

The attention of the Committee was drawn by a member of the Chamber in regard to the classification of Transformer oil for the purpose of Customs Assessment. It was contented by the member that the insulating properties and its composition was such that even if it were imported separately, it could only be used with the apparatus for which it was manufactured. It was therefore argued that Transformer Oil should be classified as component parts of machinery and should be assessable at the rate of 10% instead of the present rate of 25%.

The Committee thereupon addressed the Director General of Commercial Intelligence & Statistics pointing

out that the contention of the member concerned deserved sympathetic consideration since Transformer oil was not capable of being used separately without the machinery for which it was manufactured. The Committee hoped that the Director General would be pleased to classify the same as component part of machinery and make it assessable at the rate of 10% duty.

Income-tax Reform in India.

In connection with the departmental enquiry by a Committee of Experts regarding the working of the Income-tax law in India, the Committee of the Chamber submitted a memorandum to the Central Board of Revenue wherein they suggested the following, among other points for consideration :

1. **Agricultural incomes :** The present exemption of agricultural income from income-tax should be removed. The surplus of the larger land-holders and Zamindars should be taxed, but the small agricultural incomes of the actual cultivators of the soil should not be liable to tax.

2. **Taxable incomes :** All incomes accruing or arising in the country, wherever and by whomsoever received, must be made liable to tax, the source becoming the chief basis of taxation.

The present exemption of interest on Sterling Securities, salaries and allowances of officers of Government on leave, etc. should be discontinued.

Various exemptions given by the Governor-General under Section 60 of the Act should also be discontinued.

The liability to tax business incomes of foreigners in India in regard to goods sent out on consignment basis, in regard to business transactions by indentors, etc. should be carefully scrutinised.

Interest on Treasury Bills should be taxed at source, as otherwise such investments on account of banks outside and private individuals residing abroad may escape taxation.

4. **Personal Incomes** : More liberal allowances should be given in regard to taxation of personal incomes. The initial income of Rs. 2000/- or whatever is the exemption limit, should be deducted as a fixed abatement.

Allowances at the rate of Rs. 200/- each for dependants like children, sisters, brothers, etc. may be given.

5. Refund of super-tax of shareholders of Joint Stock Companies on dividends under Section 48 of the Act.

6. Carrying forward of business losses for 2 years.

7. Depreciation and Obsolescence allowances—Double depreciation allowances for machinery working double shift.

8. Profits of Life Assurance Companies—Profits paid to participating policy-holders should not be taxed.

9. Bad debts should be allowed to be deducted in the year in which they are written off.

10. **Limitation of Claims** : The present time limit of 1 year for refund claims should be extended.

11. Expeditious disposal of claims for refunds.

12. Opportunities should be given to assesseees for rectifying mistakes under Sections 34 & 35, and necessary refunds of tax over-charged should be given.

13. Greater allowances should be granted in regard to assessments of tax on properties.

14. **Double taxation—Section 49** : The present reciprocal arrangement with the United Kingdom may be abolished.

15. Appeals—There should be provision for appeals to the Judicial Authorities both on questions of fact and law. The Committee have also suggested constitution of Tribunals of Appeals for purposes of Income-tax cases.

16. The emergency measures introduced in 1931 to meet the financial exigencies of Government should be done

away with. The taxable limit should be raised to Rs. 2,000/-.

Messrs. A. D. Shroff, L. R. Tairsee, M.L.C. and D. D. Shroff gave oral evidence on behalf of the Chamber before the Committee of Experts on the 4th December 1935.

Proposed amendment to Rule 37-A of the Indian Income Tax Rules, 1922.

The views of the Committee having been invited on the draft amendment to Rule 37-A of the Indian Income Tax Rules, 1922, regarding Note 9 providing for submission of a separate claim in respect of insurance premia or for annuity in the case of assessment or for refunds under Section 48-A, they approved of the same.

Amendment of Rule No. 8 of Indian Income Tax Rules, 1922

The views of the Committee were invited by the Central Board of Revenue on the various percentages that they proposed to allow for depreciation purposes of plants and machinery etc., under Rule 8 of the Indian Income-Tax Rules, 1922. The Committee after inviting the views from various members concerned informed the Central Board that the words "and aluminium ware" should be added to 2 C (5) of the proposed amendments, the same to read.

"2 C (5) Moulds used in the manufacture of concrete pipes and aluminium ware."

The Committee also suggested that the percentage of 6½% proposed for depreciation for plant and machinery for sugar works was too low and that the same should be raised.

In reply the Committee were informed that their suggestions were receiving attention of the Central Board of Revenue.

Filling in of returns by employers of wages—instructions regarding, from the Income Tax Office.

The attention of the Committee was drawn by a member of the Chamber to a recent change in the procedure in regard to the collection of income-tax on salaries. Under the new procedure the employer was called upon not merely to

send to the Income-Tax authorities a statement of the employees with their salaries on the basis of which the Authorities used to prepare the Income-tax chalan but also to calculate and prepare himself the Income-tax chalan to be sent over to the Bank.

Pointing out the difficulties and inconvenience experienced by employers by the recent change, the Committee observed that the former procedure of having the chalan prepared by the Income-tax office served as an automatic check on the amount of tax payable; but under the new procedure if any subsequent discrepancies were discovered owing to difference in the rate of tax on account of increments in salaries, bonus or enhancement of the rate or for any other reason, the employer was held liable. The Committee felt that such a procedure imposed an unnecessary burden on the employer. The Committee objected to the time limit of one week—although imposed by Section 18 of the Act and the Rules thereunder—put down for the preparation and despatch of the Chalan to the Bank. While normally the time provided would be considered adequate there might be special circumstances such as the absence of the employer from the town, or sickness which might make it impossible for him to send the statement in time. No penalty should, therefore, be attached to such failures but a system of reminders should be kept up.

The Committee in conclusion suggested that the assistance which the income-tax department got from the employer should not be abused by his being held responsible for any loss on account of bona fide errors or mistakes.

The Commissioner in reply assured the Committee that the new procedure did not in the least involve any extra trouble to employers in regard to the filling in of returns of salaries.

Tobacco Taxation.

In the February session of the Bombay Legislative Council, Government introduced a bill to extend the life of the Bombay District Tobacco Act, 1933 expiring with the financial year 1934-35. The amending bill sought to

make Tobacco Taxation a permanent measure and also altered the fees for licences on retail sale by introducing a scale on the basis of yearly sales or turnover instead of the present rate on a population basis. It was claimed by Government that the revised basis of taxation was with a view to make a incidence more equitable among the various classes of payers and that under the new process, the revenue of Government, was not expected to be increased.

In communicating the views on the Bill to the Government the Committee expressed the hope that the revised scale of the fees would be such that taking the trade as a whole the prices to the consumer would not be inordinately raised. They also drew the attention of the Government to the complaints about difficulty in obtaining licenses and suggested that licenses might be issued freely without any restriction.

Motor Vehicle Taxation.

On the 12th December 1934 the Government of Bombay published their proposal to abandon the system of tolls in the Presidency and to substitute an alternative form of taxation on motor vehicles throughout the Presidency. The details of the proposed tax have been published in the local newspapers. On examination, the Committee found that under the proposals the passenger carrying buses and motor trucks would be called upon to bear a disproportionately heavy burden of the tax. They, therefore, addressed a letter to the Government of Bombay pointing out the injustice to which trade and industries, which were largely using these motor lorries, would be subjected and suggesting substantial revision in the schedule with a view to reduce considerably the rates proposed for motor buses and trucks.

Enhancement of export cess on Tea.

The Government of India invited the views of the Committee on the proposal of the Indian Tea Association to enhance the export cess on tea from As. 8/- to As. 12/- per 100 lbs. of tea. This proposal was put forward as an interim measure and it was ultimately intended to request the Government of India to levy a cess of As. 12/- per

100 lbs. of tea *produced*, as distinguished from tea *exported*. The resources for propaganda for furtherance of sales of Indian tea, it was claimed, were inadequate and the proposed levy was, therefore, intended for augmenting such resources.

The Committee in reply very strongly objected to the proposal for the levy of a cess on all tea produced in place of the present levy on exports. A levy on production, they pointed out, was bound to raise the local cost and consequently by raising the price to check consumption of tea in India.

They also objected to the proposal for increasing the export levy from As. 8/- to As. 12/- per 100 lbs. of tea as they were not satisfied with the present manner of expenditure of collections from the cess. They added that with the fall in the price of tea, even the incidence of the present levy had considerably increased and there was no justification for increasing the same.

Refund of Town Duty on Lissa sugar manufactured in, and exported out of Bombay.

The Municipal Commissioner for the City of Bombay had passed an Order to the effect that Refund of Town Duty on Lissa sugar manufactured in, and exported out of, Bombay, would be stopped from 1st June 1935. The Bombay Sugar Candy Association, thereupon approached the Committee of the Chamber with a request to take up the matter with the Authorities with a view to withdrawing the said Order, as otherwise the local Lissa sugar industry would be hard hit by the same. It was pointed out that the Local industry had been established in the City of Bombay for a number of years and was enjoying the benefit of the Refund of Town Duty on such quantities of Lissa sugar as were exported, as in the case of the Japanese Lissa sugar. The Committee thereupon addressed the Municipal Commissioner, strongly advocating the withdrawal of the above Order, with a view to giving the much needed relief to the Local industry. They pointed out that the trade of Bombay

was being steadily diverted to other places and any steps, whether on the part of the Bombay Municipality or any other body, which would accentuate this diversion should be strongly deprecated. They, therefore, suggested that the Local industry should be given the relief asked for by restoring the refund to Town Duty on Lissa sugar exported.

The Committee in reply were informed by the Municipal Commissioner that it had since been decided that the practice which was in existence should be allowed to continue and that as before refund would be allowed on the export of Lissa sugar, manufactured in the City, under municipal supervision and subject to a reduction of 10 per cent.

Insertion of an additional column showing percentage duty in the provisional tariff schedules.

The Indian Chamber of Commerce, Calcutta, sent a representation to the Director General of Commercial Intelligence & Statistics, requesting him to insert an additional column showing percentage duty on each commodity in the tariff schedules which were sent to different Chambers of Commerce at the time of annual revision of tariff values. It was pointed out that such an additional column would be helpful to businessmen in arriving at the actual prices mentioned in such schedules. The Committee of the Chamber were requested to support the above representation.

The Committee thereupon addressed the Director General of Commercial Intelligence & Statistics supporting the suggestion of the Indian Chamber of Commerce, Calcutta, in this regard.

Description of Woollen fabrics and Cotton Flannels for Customs purposes.

The Director General of Commercial Intelligence & Statistics, Calcutta, requested the Chamber for a description of woollen fabrics and Cotton flannels for purposes of Customs.

The Committee suggested the following classification for woollen fabrics.

- 1) Fabrics containing cotton or artificials upto 5% and wool 95% be described as "All wool" or "Pure Wool".
- 2) Fabrics containing 15% cotton or artificial and 85% wool be described as "Woollen".
- 3) Fabrics containing less than 85% wool upto a minimum of 30% be described as "Cotton & Wool", or "Union", or "Half Cotton", or "Mixed Woollen."

As regards Cotton Flannels, they stated that this kind of article was imported and was known by the trade as Cotton Flannels or Cotton Flannellets.

III. TRADE, INDUSTRIAL & LABOUR LEGISLATION.



Bill to amend the Bombay Weights And Measures Act, 1932.

The views of the Committee were invited by the Government of Bombay on the Bill to amend the Bombay Weights and Measures Act 1932. In the statement of objects and reasons it was stated that experience had shown that it was not possible to prepare the list of weights, measures and multiples and sub-multiples of weights and measures enumerated in the first schedule of the Bombay Weights & Measures Act, 1932, complete and exhaustive and unless provision was made for the recognition of other weights, measures, multiples and sub-multiples as standard weights and measures, certain trades were likely to be seriously inconvenienced. It was therefore considered necessary to empower Government to declare either generally or for any trade or class of trades by previous notification in the Bombay Government Gazette such weights and measures, multiples and sub-multiples which should be recognised as standard weights and measures.

Section 12 of the Act provided that all dealings and contracts in any area in which the provision had come into force should be deemed to be according to one of the standard weights or measures or to the multiples thereof. It was doubtful whether any dealing or contract which was made according to sub-multiples of such standard weight or measure was included within the terms of section. Clause 3 of the Bill made that point clear.

There were certain weighing or measuring appliances which were used for household or other purposes. It was considered proper that such appliances should be exempted from the provisions of the Act. Clause 4 was intended to amend section 46 for the purpose of exempting such appliances.

The Committee in reply informed Government that they approved of the provisions of the Bill.

Interpretation of Section 12 of the Bombay Weights and Measures Act, 1932.

The Committee requested the Government of Bombay to furnish them with an authoritative interpretation of Section 12 of the above Act in regard to entering into contracts or take part in any dealings in terms of or on the basis of weights and measures not specified in the First Schedule of the Act. The Government of Bombay in reply informed the Committee that the intention of Government in enacting Section 12 was

1. to make it illegal for any one to enter into any contract or take part in any dealing in terms of or on the basis of weights and measures not specified in the Schedule I of the Act ; and
2. to include in the expression "dealings or contracts" the quoting of rates and other kinds of offers and tenders, the invitation for offers as well as the acceptance of offers and tenders.

The Committee drew the attention of all the Association-Members of the Chamber to the above interpretation of Section 12 of the Act for necessary guidance.

Necessity for an All India Legislation on the lines of the Bombay Weights and Measures Act, 1932.

In reply to the Committee's representation to the Government of Bombay on the above subject, the Government of Bombay observed that although the desirability of such an All-India legislation might be admitted, they were of opinion that before approaching the Government of India in the matter, it would be better to wait and gain some experience of the working of the Bombay Weights and Measures Act. If, however, the Committee were of opinion that an all-India legislation should be enacted in near future, it was suggested that the Government of India might be approached direct in the matter.

The Committee, thereupon, addressed the Government of India, urging upon them the necessity of an All-India Legislation on the lines of Bombay Weights and Measures Act, 1932, with a view to facilitate inter-provincial trade.

Standardisation of Bombay Khandy at 784 lbs. under the Bombay Weights & Measures Act, 1932.

The Committee were informed by the Director of Industries that it had been represented to the Government of Bombay that it would be a great help to the cotton trade if the Bombay Weights & Measures Act, 1932 was so amended as to include in the first schedule of the Act standardisation of Bombay Khandy at 784 lbs. The views of the Committee were invited on this proposal. The Committee in reply pointed out that there was a great diversity of opinion among the commercial community on the question of standardisation of Khandy and that if the Khandy was standardised at a particular unit, it might cause great inconvenience and harassment to one section or other of the commercial community. The Committee, therefore, suggested to convene a conference of representatives of the different trading bodies in the City to discuss the question and invited the Hon'ble Minister for Local Self-Government in charge to enable him to be fully apprised with the views of the business community on the question. Ultimately the Committee were informed by the Director of Industries that the Government of Bombay did not at present think it desirable to recognise the Khandy at 784 lbs. or of any other value in the first schedule of the Bombay Weights & Measures Act, 1932.

Rules under the Bombay Weights & Measures Act, 1932.

The attention of the Committee had been drawn to a representation addressed to the Government of Bombay in regard to the Rules under the Bombay Weights & Measures Act, 1932 by about 20 Associations of the City. The Committee in addressing Government in this connection observed that the success of this measure depended on the willing co-operation of the bulk of the traders who were

interested in securing the full integrity of weights and measures used. The Rules thereof which were intended to penalise mala fide merchants should not be such, nor would they be administered in such a manner, as to interfere in the legitimate pursuit of trade by the commercial community. The Committee therefore suggested that inspectors should be selected carefully from higher grade and should be men of tried reliability and that the process of inspection, at all events, during the first year of the operation of the Act be carried on as far as possible through Associations concerned. The Committee also drew the attention of Government to the objection of the commercial community in regard to the shape and suitability of the weights which would be unwise for Government to ignore.

With reference to the allowance on weights, the Committee pointed out that existing practices in the trade should be upheld and continued. Likewise the objection of the Associations to the exorbitant stamping charges also deserved sympathetic consideration.

In view of the various difficulties pointed out the Committee felt that it would be most advisable for the Hon'ble the Minister-in-Charge to meet representatives of trades and go with them to the places where trade was carried on and examine for himself whether the difficulties painted out by these responsible associations were real and what practical measures would be necessary to meet them.

Amendments to the By-Laws of the East India Cotton Association Limited.

The views of the Committee were invited by the Government of Bombay on the proposed amendments to the by-laws of the East India Cotton Association published in the Bombay Government Gazette, Finance Department Notification No. 5789-D dated the 18th January 1935. The amendments related to the definition of "Jatha" terms etc. After consulting representatives of the Cotton Trade, the Committee informed the Government that they generally approved of the same,

Amendments to the rules and regulations of the Native Share and Stock Brokers Association.

The views of the Committee were invited by the Finance Department of the Government of India on the various amendments proposed by the Native Share and Stock Brokers Association to their rules and regulations. The Committee in addressing Government observed that the time had now come to institute a fresh enquiry into the whole question of the constitution and working of the Association. They proposed to address Government later on in detail on this question. They, therefore, did not wish to offer any views on the proposed amendments to the rules and regulations.

Native Share & Stock Brokers' Association : Amendments to Rules of (vide 148 for October excerpt).

It will be noticed that the Government of Bombay invited the views of the Committee on the various amendments proposed by the Native Share & Stock Brokers Association to their rules and regulations, the Committee observed that they would address Government in detail later on. Accordingly the Committee addressed Government pointing out that since January 1935 there had been several occasions of serious interference with normal business in the shares and securities market and that time had now come to institute a fresh enquiry into the whole question of the constitution and working of the Association. The Committee further pointed out that it was more than ten years since the Atlay Committee submitted its report and it was therefore but fair and proper, looking to the vast interests involved, that another Enquiry Committee should be set up to make recommendations and suggestions in view of the situation prevailing at present. They submitted the following points on which the Committee felt, reform was necessary

1. The work of the Broker and jobber should be separated; and every member of the Stock Exchange should have the choice of being considered either as Broker

or Jobber. It should be laid down, however, that after one has made his choice, he should not be allowed to change it every now and then.

2. It may be provided that every transaction involving a sale should be accompanied by the distinctive numbers of the shares that were sold.

3. The problem of the sub-broker has always proved to be a rather tough one. The Atlay Committee also found that problem a difficult one to handle. It was necessary that the duties and functions of the sub-broker should be carefully defined and the responsibility of the principal Broker vis-a-vis his clients should also be definitely laid down. There should be different designations and different relations for all those, who are partners or agents of the members of the Stock Exchange.

4. To enable a Broker to do business with the public in the forward market, a member or members of the public should be required to make payment of certain margins, and such transactions in the forward section should be reported at the end of the day by each broker, who must place certain deposits with the Board of the Stock Exchange.

5. There should be 12 Directors on the Board of the Stock Exchange :

4 representing the Brokers ;

4 representing the Jobbers ; and

4 representing the general public

(2 being nominated by Government and 2 representing Chambers of Commerce).

It was very essential that there should be these Directors to represent general interests and the commercial community, as the Stock Exchange is a market which does not affect the interests only of its members, but of the whole of the general industries and trade. It might be laid down that the outside Directors should be required

to give an undertaking not to operate on the Stock Exchange.

6. The settlement should be every fortnight and not every month.

The Committee hoped that the suggestions would be favourably considered.

Amendment of Clauses 12 and 14 of the Letters Patent, Bombay High Court.

It might be recalled that in the year 1928 the Committee had suggested to the Government of Bombay the desirability of amending Letters Patent of the Bombay High Court so as to confer specifically on the High Court Jurisdiction to the right to entertain suits regarding mortgage of property outside Bombay. The Committee had again addressed Government in January 1935 emphasising the necessity of moving the Government of India in this direction. Recently the situation had been aggravated on account of the decision of the Nagpur Court of the Judicial Commissioner which refused to execute a decree of the Bombay High Court. The Committee, therefore, again addressed the Government of Bombay pointing out the serious situation created by the Nagpur decision. They observed that if the Nagpur decision was allowed to stand, important business transactions in the C. P. which had been settled by the Bombay High Court in the course of the last several years would also be seriously affected. The Committee therefore suggested that the only way out of the impasse would be to introduce, as soon as possible, suitable legislation not only to amend clauses 12 and 14 of the Letters Patent in terms of the draft circulated by the Government of India, but also to give such amendment retrospective effect and to validate decrees which had already been passed by the Bombay High Court in respect of properties situate in the Central Provinces and to nullify the effect of the recent decisions of the Court of the Judicial Commissioner at Nagpur.

Amendment of Section 130 of the Transfer of Property Act, 1882 with reference to the assignment of Life Assurance Policies.

The Government of India invited the views of the Committee on the proposal made by the Associated Chambers of Commerce to amend section 130 of the Transfer of Property Act on the lines of Section 3 of the Policies of Assurance Act, 1867 (English Act) so as to require a notice of assignment of a life assurance policy to be given to the Insurance Company.

The Committee in expressing their views supported the request made by the Associated Chambers of Commerce to amend Section 130 of the Transfer of Property Act, 1882 accordingly.

With regard to the enquiry made by the Government of India whether the opportunity should not be taken to make a more general amendment of Section 130 of the Transfer of Property Act, 1882, on the lines of Section 136 of the English Law of Property Act, 1925 so as to include not only transfers of life assurance policies, but of other actionable claims also, the Committee in addressing Government observed that they did not see the need for any such amendment of Section 130. If, however, Government had received any suggestions or representations from any quarters in that direction, the Committee observed that they would be glad to see the same before expressing any views thereon.

Enforcement in India of Judgments obtained in the United Kingdom.

The attention of the Committee was drawn to the Bill before the Legislative Assembly to amend the Code of Civil Procedure to provide for the enforcement in British India of judgments obtained in the United Kingdom as part of a reciprocal arrangement. The operative Clause of the Bill read "that where a certified copy of a decree of any of the Superior Courts of the United Kingdom or any reciprocating territory has been filed in any

District Court, the decree may be executed in British India as if it had been passed by the District Court”.

The Committee in generally accepting the principle expressed the hope that the undertaking given by the Lord Chancellor that the reciprocating arrangement would apply to all Indian Courts possessing unlimited original civil jurisdiction would be fully carried out. They, however, expressed their fears that in regard to uncontested suits, viz. suits in which a decree was passed *ex parte*, Indian nationals might be penalised if there was no machinery provided by which the debtor in this country could contest suits in the United Kingdom and make his position clear.

In this connection they also drew the attention of Government to the fact that reciprocal arrangements for the execution of decrees obtained in British India were not in operation with regard to some of the Indian States. They suggested that necessary negotiations for completion of such arrangements should be made by Government.

Registration of Lis Pendens.

The attention of the Committee was drawn by the Indian Chamber of Commerce, Calcutta, to their representation to the Government of India in regard to the necessity of registration of Lis Pendens in the country. The Committee in support of the Calcutta Indian Chamber's representation addressed the Government of India, pointing out that the effect of Section 52 of the Transfer of Property Act, as amended by Act 20 of 1929 and Act 5 of 1930 was that a transferee of immovable property during the pendency of a suit did not acquire any interest in the property so as to affect the rights of the parties to the suit, although such transferee might be a bona fide transferee, for value without notice. The Committee therefore, suggested that in order to safeguard the rights and interest of bona fide transferees it was necessary that Government should provide for registration and re-registration every five years of all pending litigation affecting immovable properties. The Committee in this connection drew the attention of Government to a similar provision in England where

such a Register was maintained under Judgments Act 1839. They further observed that this could be achieved by introducing a Bill amending Section 52 of the Transfer of Property Act suitably.

The Cotton Ginning And Pressing Factories (Bombay Amendment) Bill, 1935.

The views of the Committee were invited by the Government of Bombay on the bill to amend the Cotton Ginning and Pressing Factories Act, 1925. The chief purpose of introducing this Bill was to stop some of the malpractices which required to be stopped if the purity of improved grades of cotton was to be maintained and the cotton grower was to get an adequate price for superior cotton. The malpractices generally practised were (1) watering of cotton (2) mixing of different varieties of cotton (3) false packing.

The Committee in reply observed that they approved of the principles and objects of the Bill under reference in general.

Necessity of having Trade Mark Registration in India.

The attention of the Committee was drawn by a member to the hardship experienced by industrialists and businessmen on account of the absence of Trade Mark Registration Act in India. It might be recalled that the question of Trade Mark Registration in India had been engaging the attention of the commercial bodies, both Indian and European, and the Government of India for a long time. The Indian commercial community and also a substantial section of the European commercial community had for a number of years urged the necessity of having an all-India Trade Mark Registration Act to protect the bona fide interest of Indian industrialists & businessmen. With the progressive development of industries in the country the question was assuming great importance and called for urgent action on the part of Government. The Committee had on more than one occasion brought all these facts before the attention of Government. They emphasised

once again the necessity of prompt action regarding the same, and addressed Government summarising the grounds advanced on previous occasions. It is hoped that the Government of India would be pleased to take up this question at an early date.

Indian Patents & Designs Act—proposed amendment of.

With a view to prevent the importation of goods bearing pirated designs, the Associated Chambers of Commerce in India had urged upon the Government of India the necessity for amending the Indian Patents and Designs Act so as to empower the Customs Authorities to detain goods the designs of which were an infringement of registered designs. The views of the Committee were invited on the proposal which was mainly intended to check the pirating of British piecegoods designs by certain Continental manufacturers.

The Committee in expressing their views on the proposal observed that while they approved of the principle of the proposal they would urge the necessity for making a similar provision authorising Customs authorities to take action against the importation of piecegoods from the United Kingdom with plain ticket designs or with designs which were colourable imitations of designs used by Indian manufacturers.

The Committee, in this connection, drew the attention of the Government of India to the correspondence that they had carried on with the Department of Commerce on the subject in 1933 in regard to a consignment of Sarees imported from U. K. into Calcutta without the name of manufacturers as also without the stamp "Made in England". The Committee reiterated their demand for amendment of the Merchandise Marks Act so as to provide for the country of origin being distinctly marked on imported goods including goods from the United Kingdom.

Rules under the Factories' Act.

The Factories' Act, 1934, came into force from 1st January 1935, and the Government of Bombay invited the views of the Committee on the draft rules framed under

Section 79 of the Act. The Committee forwarded copies of the rules to all the factory owners, who were members of the Chamber, and requested their comments thereon.

After considering the views expressed by the factory owners, the Committee made the following comments to the Government of Bombay on the draft rules.

They generally supported the various criticisms and suggestions for improvement in regard to details of the working of the rules made by the Bombay Millowners' Association and the Ahmedabad Millowners' Association.

They drew the attention of the Government to the inadequacy of provisions for the redress or relief to owners of factories against arbitrary orders of Inspectors and suggested that some provision should be made in the Rules enabling the factory management to represent their views on such orders before a superior Officer of Government.

They recommended to Government that the penalty prescribed in regard to breach of any of these rules should be enforceable against factory management only after three warnings at intervals of three weeks each had been given.

Under section 31 (4) of the Act, while considering appeals it was provided that the Appellate Authority might take the aid of assessors, one of whom shall be represented by such bodies representing the industry concerned as the Local Government may prescribe. The draft rules in this connection provided that the Millowners' Associations of Bombay and Ahmedabad, in case of textile industry, and the Chambers of Commerce at Bombay and Karachi in respect of the other industries would be considered as the bodies empowered to appoint the assessors. The rules, as at present worded, confined the right of representation to the European Chambers of Commerce in those places. The Committee took strong objection to the same, and suggested that Indian Chambers of Commerce, and particularly the Indian Merchants' Chamber should be included for the purpose.

**Bill to prohibit employment of children in shops and limit
the hours of the work of young persons and
for their early closing.**

The views of the Committee were invited by the Government of Bombay on the provisions of Bill. The Committee in addressing Government observed that they wished to make some general observations before considering the various clauses in detail. They observed that the Bill under reference was drafted closely on the lines of the Factory Act. The Committee felt, however, that there was considerable difference between conditions of work in a factory and conditions of work in the commercial undertakings covered by the Bill. In the opinion of the Committee, therefore, it was necessary to recognise the above circumstances in deciding as to the extent of restrictions necessary in social interests, in the hours of work and conditions of labour in such commercial undertakings.

After making these general observations Committee proceeded with the various provisions of the Bill. They observed that they were in sympathy with the first object as defined in the preamble, viz :—prohibition of the employment of Children.

The second object, namely, limiting the hours of work of young persons in shops could not be accomplished as such unless Government restricted the number of hours during which shops might be kept open. If the shops were allowed to be kept open longer, then attendance records would be unreliable and no machinery of inspection would be adequate to put the matter right. On the other hand, if a provision was made that retail shops should be closed at a particular time, allowing for such exceptions as eating houses, chemists and other essential services, then ipso facto and without any additional provision of law, hours of work would be restricted. They felt this to be the most feasible method of limiting the hours of work of persons working in shops.

The Committee regretted that at this stage they were not in a position to support the other provisions of the Bill which required registers to be kept, which limited the number of hours of an individual employee, which required holidays to be announced etc., and various other measures on the analogy of the Factories Act.

The Committee in conclusion recommended the closing of the shops for two full days a month and for two half days, because such periodical days and hours of complete rest were necessary both from the social and physical aspects of the shop assistants.

Bill to amend the Civil Procedure Code Providing for abolition of arrest and imprisonment for debt under certain circumstances.

The views of the Committee were invited on the above Bill introduced in the Legislature by the Government of India, it being the outcome of the recommendations of the Royal Commission on Labour in India, to the effect that in the case of industrial workers in receipt of wages less than Rs 100/- a month arrest and imprisonment for debt should be abolished except where the debtor had been proved to be both able and unwilling to pay. The Bill seeks to amend the Civil Procedure Code, 1908 so as to protect honest debtors of all classes and not of the industrial worker class only, from detention in a civil prison and to confine such detention to debtors proved to be recalcitrant or fraudulent. The Bill applies to all judgment-debtors.

In reply the Committee informed Government that they saw now reason to alter the opinion expressed by them in 1933 when a similar reference was made to them, viz; that they (the Committee) were not in favour of abolition of arrest and imprisonment for debt where no contumacy was proved either generally or for particular classes of persons. The Committee had, at the same time, supported the recommendation of the Royal Commission on Labour that so far as industrial workers in receipt of

wages or salary amounting to less than Rs. 100/- per month were concerned, arrest and imprisonment for debt should be abolished, except where the debtor had been proved to be both able and unwilling to pay. The Committee again reiterated their former views and added that they were against all measures which would increase the cost of debt recovery and the legal process involved therein. According to the Bill under reference one stage was added where the creditor was called upon to prove various things before he could secure a warrant. The proposal appeared to the Coammittee to be of very doubtful utility. The Committee, therefore, suggested that the matter should be gone into more thoroughly and the introduction of legislation except in regard to industrial workers should be postponed until responsible parties had an opportunity of examining the question in all its aspects and expressing their views in detail. Even if the legislation restricted to industrial workers was proceeded with, the Committee observed that the definition of such worker should be laid down with some care, and privileges intended to be conferred by the measure should be confined only to those actually engaged in factories.

**Bill further to amend the Civil Procedure Code, 1908 to
provide for exemption of salaries from
attachment for debt.**

The views of the Committee were invited on a Bill further to amend the Code of Civil Procedure, 1908, Sec. 60 to provide (1) that salaries not exceeding Rs. 100 a month of all workers should be totally exempted from attachment; (2) that the pay of servants of Government, Railway Companies and Local authorities getting more than Rs. 100 a month should be exempted to the extent of the first Rs. 100 and one-half of the remaining; and (3) that if the attachable portion of the pay of servants of Government, Railway Companies and Local authorities should remain as at present liable to continuous attachment, the period of attachment should be restricted as follows: namely, that after a debtor's pay had been attached for a total period of 24 months (in one or more periods) no further

attachment should be possible in favour of the same decree or in favour of any other decree until 12 months had elapsed.

The Committee in reply observed that they were in favour of the principal aims and objects of the Bill. They were however afraid that some of the remedies suggested to improve the condition of the workmen might tend to reduce their credit and therefore the amenities of life for them. Such a development was not what was intended by the Bill; nor what was intended by the Royal Commission on Labour. The Committee, therefore, recommended that the operation of the main Clause No. 2 of the Bill should be watched carefully, if possible, in a limited area. The Committee were opposed to the provision for differential treatment as between Government servants and others, because the proviso extended the benefits unreasonably to all Government servants, many of whom did not need it at all.

**Bill to make provision for keeping of account of
agricultural debtors.**

The attention of the Committee was drawn to a Bill to amend the Deccan Agriculturists Relief Act to provide for keeping of account of agricultural debtors.

The Committee after considering the Bill, felt that the various allegations made in the Statement of Objects and Reasons against creditors were too sweeping and vague. In the opinion of the Committee the interests of poor agriculturists who were indebted to village sowcars and the creditor class, were adequately safeguarded by the present Act (the Deccan A. R. Act) and other enactments. If the present Bill was passed, the creditor class would be unduly harassed, without in any way benefiting the indebted agriculturists. The Committee therefore addressed the Government of Bombay strongly protesting against the Bill and requested Government to be pleased to oppose it in the Council.

IV. GENERAL TRADE AND INDUSTRY.



**Interview with the Hon. Mr. T. A. Stewart, C. S. I.,
I. C. S., Secretary to the Government of India,
Commerce Department.**

The Committee had an interview with the Hon. Mr. T. A. Stewart, Secretary to the Government of India, Department of Commerce, on Tuesday, the 2nd July 1935, when the following questions were discussed.

1. Amendment of the Bombay Port Trust Act.
2. Trade restrictions abroad and their repercussions on India's foreign trade.
3. Revision of the Indian Companies Act.
4. Indian Insurance Legislation.
5. Amendment of the Indian Merchandise Marks Act.
6. Customs settlement with the Indian maritime states.
7. Appointment of Trade Commissioners abroad.
8. Indian Tariff Board-Constitution.

Full proceedings have already been published in the press.

Appointment of Trade Commissioners Abroad.

The Government of India informed the Federation of Indian Chambers of Commerce & Industry that they had under consideration the question of making further appointments of trade commissioners as and when opportunity offered and requested their advice as to the countries in which the establishment of Trade Commissioners would be most likely to bear fruitful results. In considering this point they suggested that India's export trade might be geographically divided into two main zones viz. Eastern and Western Zones. Exports to the Eastern zone

consisted mainly of cotton piecegoods and food grains while exports to the western zone were in raw materials of industry such as oil seeds, hide and skins etc. The Federation in turn requested the views of the Committee as to the countries in order of preference in which such Trade Commissioners should be appointed.

The Committee in reply, observed that preference should be given to western countries and France and U. S. A. should be the countries in which such Commissioners should be appointed first, South and East Africa, China and Japan coming in next.

• Appointment of Trade Commissioners abroad.

At the interview which the Committee had with the Hon. Mr. T. A. Stewart, Secretary to the Government of India, Department of Commerce, on 2nd July 1935, they had taken an opportunity of discussing among other questions once again the question of appointment of Indian Trade Commissioners abroad. The Committee thereafter addressed Government urging the necessity of appointing Indian Trade Commissioners at important foreign centres of trade and particularly in Japan. The Committee pointed out that Japan was the only country with which a trade agreement had been made by India and that Japan was the most important purchaser of Indian cotton and, exports from Japan affected Indian industries more seriously than exports from any other country. Government themselves had accepted the public feeling and decided that a Trade Commissioner should be appointed and it was understood that the Japanese Government had given an undertaking to receive such an official when he was appointed. In view of this the delay was inexplicable. The Committee, therefore, considered it essential that the Indian Trade Commissioner should not only be appointed but should be on the scene in Japan already for a year or two before discussions with regard to a fresh agreement arose.

In reply, the Committee were informed that the matter was engaging attention of Government,

Importation of fents into India.

The attention of the Committee was drawn to the correspondence that had passed between the Bombay Mill-owners Association and Japanese Yarn and Piecegoods Association as also to the representation made by the Bombay Millowners Association to the Government of India regarding the import of artificial silk fents into India.

The Committee in addressing the Government of India in this matter observed that the enormous increase in the import of fents into India went to show how a sort of flank attack was being made on the Indo-Japanese Agreement through these imports. The Agreement with Japan was signed primarily and fundamentally to safeguard the interests of the Indian Cotton Textile industry which was threatened by the acute competition from Japan. The Committee expressed the hope that the Government of India would not tolerate any action or policy which was virtually a breach of the Agreement and which was calculated to undermine the interests of the Indian textile industry.

The Committee observed that as far as their information went, the bulk of the goods imported as fents from Japan were really artificial silk piecegoods and artificial silk mixtures, cut into special lengths, varying from 3 to 3½ yards according to the width of the cloth. The implication was that these imports of so-called fents were taking place in order to avoid the higher rate of duty levied on piecegoods from Japan and also to evade the quota laid down for the same.

Under the circumstances, the Committee urged that Government should take immediate action with a view to check the import of these so-called fents and to lay down restrictions in very clear and systematic terms so that no attempts might be made to dump fents into India harming the indigenous industry. The action to be taken by Government, might take the form of substituting the

lower rate of duty on fents by higher duties applicable to cotton or artificial silk piecegoods, and changing the basis of duty of fents from four linear yards to two yards.

Proposed move for allocation of quotas for importation of cotton into Japan.

The attention of the Committee was drawn by the Cotton Committee, Indian Trade Association, Kobe, to a move that was being engineered in Japan by large Japanese interest, to allocate quotas for the import of Indian cotton. The Committee thereupon addressed the Government of India pointing out that if the proposed quota arrangement was brought into being in Japan the shippers in India would find themselves as helpless as they were at the time of Japanese cotton boycott in 1933 and the Indian cotton market would be entirely at the mercy of the quota holders.

The Committee felt that it was a matter of sufficient importance to merit an administrative representation from the Government of India so that some relief might be given to the Indian firms concerned and the matter might be so arranged that, at the time of the renewal of the Indo-Japanese Agreement, some assurance was elicited that there would be no serious departure in practice directly or indirectly, which would penalise Indian interests.

Efforts made by Japanese manufacturers to smuggle piecegoods into India and pass it off as Indian goods in the Indian market.

The attention of the Committee was drawn by the Indian Chamber of Commerce, Calcutta to the correspondence that had passed between the Mohini Mills, Ltd., Mushtia-Bazar P. O. Bengal, and the Osaka Manufacturers Association in connection with the importation of piecegoods and yarn from Japan into India. The proposal of the Osaka Manufacturers Association was that they would undertake to stamp the words "Made in India" in such a manner that

they could be easily removed after importation into India and the cloth then could be sold in the Indian market as Indian Cloth. The Committee in addressing the Government of India observed that they had viewed with great concern the suggestion made by the Osaka Manufacturers Association to the Mohini Mills. They pointed out that time and again they had brought to the notice of Government the serious defect in the Indian Merchandise Marks Act inasmuch as under this Act importers of foreign goods were not obliged to mark the country of origin. The latest attempt made by the Osaka Association called for expeditious and effective action on the part of Government. The Committee felt that over and above making it compulsory on all foreign importers to mark countries of origin on goods imported into this country, it should be further provided that attempt to pass foreign goods after having been imported into India as Indian goods would be a cognisable offence under the Indian Penal Code making the party convicted liable to a fine and/or imprisonment.

While recommending this drastic measure where imported goods were, by the concealment of the original mark of the country of origin or by fresh marking of some kind, passed off as Indian goods, the Committee felt that something should also be done administratively to discourage treatment to foreign goods with a view to efface original marks, such as repacking or individual packing, bleaching and dyeing of textiles, assembling of the parts etc. As an ultimate test for this, they suggested, that Government would have to fix a percentage involving a compulsory declaration that wherever "Made in India" was put, or the goods were sold as Swadeshi, not less than 75 per cent. of the value or some substantial part was represented by Indian material and labour. Such a declaration, the Committee felt, should be elicited in the first instance on purchases of the Indian Stores Department, where, it was understood, goods made in India were not merely preferred at the same price, but a definite advantage in the price paid was given to such goods over imported goods.

In reply Government observed that the proposal of the Japanese manufacturers involved the marking of the piecegoods in question with the words "Made in Japan", and that therefore at the time of their importation the provision of Merchandise Marks Act would be properly fulfilled. The fraud on the Indian public which appeared to be contemplated would be committed when after importation of the goods and deletion of the original marks the importer exposed the goods for sale with false marks indicating that they were Indian manufactures. In such circumstances the sellers would bring themselves within the meaning of Section 480 and 2 of the Indian Penal Code and Section 6 of the Indian Merchandise Marks Act. The Law therefore already sufficiently provided for the punishment of such frauds.

The Committee circulated this reply to member-Associations and others interested for necessary guidance.

Certificate for exporting Rhino Horns from India to foreign countries.

The attention of the Committee was drawn to the Notification No. 62 dated 25-8-34 (Cus). regarding certificate for exporting Rhino Horns from India to foreign countries. Complaints had been received from merchants exporting this article from India because it involved considerable delay in obtaining such certificates from the Local Government. It was also complained that the Central Board of Revenue had not put down any reasons for laying down the new procedure for having export certificates for Rhino horns. In view of this the Committee addressed the Central Board of Revenue requesting them to enlighten them (the Committee) as to the reasons which prompted the Central Board of Revenue to pass such a notification.

The Indian Match Industry and competition from Manufacturers of Matches in Indian States

The attention of the Committee was drawn to the fact that the Hyderabad State and certain other Indian states

were levying import duties on matches produced in British India and transported into the State territory. On matches manufactured in such Indian States and sold in British India, the British Customs duty is not levied. This placed the Indian manufacturers in an unfavourable position, in that whereas they had to bear the handicap of the duty in competing with manufacturers in the States territory, the State manufacturers could compete freely in British India.

The Committee also understood that similar difficulties were experienced in regard to various other articles.

They, therefore, addressed a letter to the Government of India pointing out that the existence of such conditions was adverse to the full development of trade and normal movement of goods. They also expressed their fear that the prohibition in regard to the sale of matches from such of the Indian states as were not levying the excise duty might not be effective as it would be difficult to detect sales of matches in territories in the adjoining parts.

The Committee, therefore, suggested an early settlement of some kind which would secure unanimity in levies in Indian States and British India and facilitate free movement of goods between British India and Indian States without import restrictions or prohibitions.

Road development and Motor Taxation.

The Western India Automobile Association in a circular letter after discussing the various forms of taxation on motor vehicles, petrol etc., suggested that a definite portion of such taxation should be set apart for being spent on development of roads. If, however, financial exigencies of Government would not permit of such a provision, as an alternative, they proposed the enhancement of the Salt Tax or the imposition of death duties, the proceeds from such enhanced tax or the new duty to be utilised for road development. The Association intended to place their views before

the Government of India for consideration, and before doing so, invited the opinion of the Committee of the Chamber on the same.

The Committee generally agreed with the first part of the proposition viz. the need for adequate attention being paid to the development of roads. They, however, did not agree to the proposal in regard to additional taxation for providing funds for the purpose. They pointed out that the resources for such purposes as road development and other nation building activities should be found by retrenchment in Government expenditure and that there was no room for any additional taxation. They particularly regretted the suggestion for an enhancement of the tax on Salt, a tax which Indian opinion had always considered as obnoxious. They also conveyed their disapproval of the proposal for the imposition of the death duties.

Fire Insurance Rates on Raw cotton.-Railway Transit and Station Yards etc., risks.

The attention of the Committee was drawn by the Bombay Millowners' Association in regard to the premia charged by the Bombay Fire Insurance Companies for All-India Railway transit and All-India Railway stations, yards and platforms etc., risks. The rate for transit risk which was about As. 48% in 1918-1919 appeared to have been increased to As. 96% in 1924-25, and subsequently reduced to As. 64% from 1927-28. The Bombay Millowners' Association contended that there was no justification whatsoever for such a high rate of premium for this type of risk. Years ago cotton used to be loaded in open wagons and consequently the danger of damage by fire resulting from sparks liberated from passing engines and theft was infinitely greater than it was at present.

As regards the "Railway Yard" risk, the position was that, whatever might have been reasons for charging a high rate of premium in the past, the danger of loss or damage by theft or fire had to-day been reduced to a minimum.

Under the circumstances, the Bombay Millowners' Association submitted that there existed a strong case for a revision of the rates at present quoted for the two types of risks mentioned above, and invited the support of the Committee to their representation to the Bombay Fire Insurance Association. The Committee in supporting the representation of the Millowners' Association observed that there was legitimate ground for expecting a reduction particularly when as pointed out by the Association the risk to cotton transit was considerably reduced.

The Bombay Fire Insurance Association in reply informed the Committee that they had already given the most careful consideration when the application was made by the Millowners Association, but that they regretted their inability to revise the rates asked for by the Millowners Association.

The Bombay Millowners Association, it appears, have again addressed the Fire Insurance Association in the matter and the Committee are now awaiting further developments.

Double Insurance Premium for Mills working night Shift.

It was recorded in the Report of the Committee for the year 1934, page 67, that they had requested the Bombay Fire Insurance Association to consider the question of instituting a small extra premium in place of the present scale of double premium for mills working night shift. The Insurance Association, after considering the matter fully, informed the Committee that they had decided to accept insurance of mills working double shift at a 50 per cent. extra premium instead of the present double ordinary premium. The Committee were glad at this decision of the Insurance Association.

Workmen's compensation for occupational diseases.

The views of the Committee were invited by the Govt. of India through the Local Government on the question of

draft conventions concerning workmen's compensation for occupational diseases—(revised 1934). This Convention was in partial revision of a similar Convention adopted by the International Labour Conference in 1925. The Convention of 1925 was ratified by India and the provisions of the Indian Workmen's Compensation Act, in 1923, were brought into conformity with it. The questions now for determination were whether the Convention of 1934 should be ratified by India and if not whether it was desirable to include in Schedule III of the Workmen's Compensation Act any of the diseases mentioned below :

1. Silicosis
2. Arsenic Poisoning
3. Poisoning by the halogen derivatives of hydrocarbons of the aliphatic series ;
4. Pathological manifestations due to radium and other radio-active substances to X-rays.
5. Primary epitheliomatous cancer of the skin.

The Government of India suggested that in dealing with this question the consideration of the subject should not be limited to workmen already brought within the Workmen's Compensation Act. Under Section 2 (3) of the Act it was possible to add to schedule III any class of persons employed in a hazardous occupation, either without qualification or in respect of specified injuries only, and the inclusion in the Schedule of any class of employees who were not now workmen, but whose occupations exposed them to the hazard of these diseases might well be considered.

The Committee in expressing their views observed that the initiative in regard to legislation in India should come from the demand of recognised Trade Unions and the labour people. It was felt that ratifying the Conventions and the Recommendations of the International Labour Office had placed India in the matter of labour legislation far in advance of her competitors. In view of this the Committee considered it premature that any attempt should be

made in a hurry to add to the liability of the employers in India, unless and until such liabilities were accepted everywhere else in the world. If, however, Government were determined that any addition should be made to the list of occupational diseases involving liability on employers the Committee pointed out that it would only be done with regard to the recognised factory labour in large areas where the services of a competent Doctor to diagnose the symptoms were available.

Sickness Insurance for industrial workers in India.

The views of the Committee were invited on the proposal to frame a scheme of Sickness Insurance for industrial workers in India. The subject of sickness insurance was discussed by the Royal Commission on Labour in India, when it was held that the situation called for the exploration of all methods as might lead to the alleviation of the hardship of workers due to the absence of an insurance scheme. The Royal Commission had even suggested a tentative scheme on the assumption that the responsibility for medical and financial benefits would be separated and that the former would be undertaken by Government possibly on a non-contributory basis and the latter by employers on the basis of contributions by themselves and by workers.

The Committee in expressing their views observed that it would not be possible to ask the workmen in India to make his contribution towards any such scheme, because workmen in India were still unorganised and had not realised the benefit of trade union organisation by making regular contributions to same.

With regard to contributions by employers, the Committee felt very doubtful whether industry, in its present condition, could bear additional charges. The Committee however fully sympathised with the object underlying the proposal and observed that if workable schemes were forthcoming the Committee would be glad to support them, but the difficulties mentioned above seemed to be insuperable,

Holidays with Pay.

The views of the Committee were invited on the subject :—"Holidays, with Pay." The question came for first discussion at the 10th Session of the International Labour Conference held in June 1935. The proposals before that Conference were :

1. that an annual holiday with pay should be granted to workers other than those engaged in agriculture or shipping ;
2. that a minimum period of service under one employer should be prescribed by which a worker would be eligible for holiday with pay, special provision being made for seasonal workers and those engaged in other occupations, e.g., building trade where frequent changes of employers are the rule ;

and

3. that the period of holiday and the pay to be granted to workers during the holiday should be fixed on some definite basis.

The Committee in submitting their views observed that the introduction of a system of holiday with pay in India was going to be very difficult, because many of the labourers were daily workers. The Committee pointed out that there were more stop-days in India in the year than in any other countries in the world and there was also the question of piece-workers and time-workers. The continuous employment, which existed in other countries also did not exist in India, and in many industrial centres in India, the percentage of absentees during certain seasons was very high. The Labour force in India was in a great flux and did not receive employment in the same place on its return. In view of all these difficulties, the Committee were of opinion that the introduction in India of the system of Holidays

with Pay was too premature and likely, in practice, to be frustrated. If the object for which the system was being introduced could not be achieved it would seem unwise to raise the issue at present stage, until every workman in India belonged to a Trade Union run on proper and recognised lines. The Committee observed in conclusion that it was not proper that measures of such a character should be adopted in India until they were adopted in all countries with which Indian Industries were at present competing.

**Proposed licence for the supply of Electrical Energy in the
Northern Division of the Bombay Presidency to
Messrs. Killick, Nixon & Co., and Messrs.
Callenders Cable & Construction Co., Ltd.**

The attention of the Committee was drawn to the licence applied for by Messrs. Killick Nixon & Co., and Messrs. Callenders Cable and Construction Co., Ltd., to the Government of Bombay, for the supply of electrical energy in the Northern Division of the Bombay Presidency.

The Committee in addressing the Government of Bombay on this question observed that they were opposed to any licence for electric lighting and power given to a non-Indian firm, unless Government had invited applications from Indian firms or local bodies and if such were not forthcoming. Proceeding with the various clauses of the draft licence, the Committee protested against the maximum rates which were proposed to be fixed for the licence by Government and urged that the maximum rates should be considerably reduced.

The Committee next drew the attention of Government to the minimum charges fixed and pointed out that the scale of charges seemed to be very high in view of the fact that the cost of energy even on smaller scales was reckoned at anything from one anna to one anna and a half per unit.

As regards the clause relating to assignment of licence, the Committee suggested that a definite period should be fixed during which the licence must be assigned and Government must carefully scrutinise the terms in order that the licensees might not make such terms exorbitant. The Committee also suggested that the assignment should only be given to a company incorporated in British India with a majority of Indian Directors and with Rupee capital.

With regard to the wide area asked for by the licensees for the supply of electric energy, the Committee were of opinion that as a matter of public policy Government should encourage small Municipalities to go in for enterprises of this kind in their own localities. The Committee, therefore, suggested that the licensees must be obliged to declare a compulsory area and that they should be bound to supply electric energy within that area failing their licence should be revoked.

In conclusion, the Committee observed that under any case until the principle and policy involved in the grant of this license had been discussed by the new Legislative Assembly for the Bombay Presidency, the matter should be held over.

Sugar Production Rules, 1935.

The Federation of Indian Chambers of Commerce and Industry, the Indian Sugar Mills Association and the Maharashtra Sugar Manufacturers Association drew the attention of the Committee to the Sugar Production Rules, 1935 published by the Imperial Council of Agricultural Research which were brought into effect from 1st November 1935. Those bodies had sent representations to the Government of India in regard to the various forms and in particular to the form regarding cost of production which were required to be filled in by the Sugar industry. It was contended that the new rules far exceeded the requirements of Government in regard to the collection of data from the Sugar Factories to enable them to gauge the advance of the

industry. The Committee in addressing the Government of India in support of their representations observed that the industry should not be called upon to disclose the secrets such as the cost of production, which were a valuable asset of the concern. Further the various particulars now required to be supplied under the Rules were, in the opinion of the Committee, undesirable and not in the best interests of the industry. The Committee therefore hoped that Government would so amend the rules as not to interfere with the working of the industry and not impose any unnecessary hardship.

The Committee, in reply, were informed by the Imperial Council of Agricultural Research that suitable amendments were being notified so as to meet with the various difficulties pointed out by the Sugar Industry. It appears that the Indian Sugar Mills Association had accepted the various modifications in the form for an experimental working of the rules this season.

Amendment to the Town Duty Refund Rules.

It might be recalled that the question of amending the Town Duty Refund Rules has been engaging the attention of the Committee for the last two years. They had requested their representative on the Bombay Municipal Corporation to secure suitable amendments thereof so that legitimate grievances of, and hardships experienced by merchants might be removed. The Chamber's representative on the Municipal Corporation afterwards informed the Committee that the following amendment proposed by him to the Report of the Law Revenue and General Purposes Committee regarding Town Duty Refund Rule No. 13 (2) B was passed by majority by the Bombay Municipal Corporation :—

"Provided that any bonafide clerical or arithmetical mistake in any of the documents or errors arising therein from any accidental slip or omission shall not be deemed to be a material omission or discrepancy."

Establishment of a Central Testing Laboratory for Drugs, etc.

The Committee addressed the Government of India in regard to their decision to establish a Central Testing Laboratory of drugs etc., at Calcutta. While welcoming this decision to have a Central Testing Laboratory, the Committee urged that the laboratory should be located at Bombay and not at Calcutta. They pointed out that so far back as 1933 the Committee had strongly recommended the proposed Central Laboratory, under one of the recommendations of the Indian Drugs Enquiry Committee, should be located at Bombay, in view of the fact that Bombay was the largest importing centre for drugs, medicines etc.

The Committee also added that Bombay had got Chemical and Pharmaceutical products manufacturing concerns and with its larger trade in drugs and medicines both imported and manufactured, there was no doubt that Bombay would be better placed for the location of the laboratory than Calcutta. The Committee hoped that their suggestion would be accepted by Government.

Proposal for reduction of Taxi fares in the City from annas 8 per meter mile to annas 6 and introduction of small taxi cars plying at annas 4 per meter mile.

The views of the Committee were invited by the Superintendent of Police, Motor Vehicles Department, Bombay on the proposals in regard to (1) reduce the present taxi fare from annas 8 to annas 6 per meter mile; and (2) introduce small taxi cars (of two seats) plying at 4 annas per meter mile.

The Committee in favouring both the above proposals observed that the prices of accessories and particularly of petrol had considerably gone down and therefore the proposed reduction in the taxi fares from annas 8 to annas six was quite proper and fair. In fact, the Committee observed, that if fares were settled in advance the taxi drivers were found to accept fares at annas six per mile instead of the

schedule rate of annas eight per mile. The Committee also welcomed the second proposal, because in a city like Bombay where industrial, commercial and residential areas were widely separated, the introduction of the four annas per mile taxi cars would be very helpful to the business community. They hoped that the above proposals would be brought into operation at an early date.

The Committee were subsequently informed by the Dy. Commissioner of Police that it would be unfair to present taxi owners to introduce cheaper taxis at the moment as they had recently spent appreciable sums in getting their taxis passed, their meters tested etc., and that the net result of the introduction of 4 annas taxi would be that the existing taxis would be hit hard if not driven entirely off the roads by the cheaper taxis. The Dy. Commissioner, however, pointed out that if there was a real general demand for cheaper taxis the matter could be re-considered in a few months time i.e. shortly before the next passing season so that any fresh orders could be brought out at a convenient time if considered advisable.

The Committee in addressing the Dy. Commissioner of Police in this connection observed that the introduction of 4 annas taxi was a very timely suggestion and that it would be a great improvement on the present day traffic conditions. The Committee pointed out that 4 annas taxi was in vogue in Rangoon and lower rate taxis were running in Hongkong, Shanghai and Singapore side by side with higher rate taxis.

As regards the proposal to reduce the taxi fare from 8 annas per meter mile the Committee pointed out again that when the present rate of 8 annas was fixed the commodity prices were ruling high and petrol was also selling at a much higher rate. All that had now come down and petrol was now selling at about as. 13/- per gallon. The reduction, therefore, in the present taxi fare would not affect the taxi owners adversely, but would give them more custom as people now had developed the time-sense with regard to transport. The Committee in conclusion hoped that the proposed

reduced scale of rate would at least be brought into effect from the new official year and that a notification to that effect would be issued by now in order to prepare the taxi owners for the change.

The Committee also addressed the Government of Bombay in this connection and urged that Government should be pleased to have both the suggestions accepted.

The Committee were informed by Government that they did not propose to take any action on the proposals at present.

Ultimately the Committee were informed by the Superintendent of Police, Motor Vehicles Department, that the following revised rates would come into force from 1st April 1936.

- (1) Annas 6/- for the first one mile or less ; annas two for each subsequent 1/3rd mile.
- (2) **Detention charges.** As 2/- for each five minutes or Rs. 1-8-0 per hour.
- (3) **Luggage charges.** As 2/- for each package or article of luggage carried outside the car.

The Committee in addressing the Superintendent of Police observed that they were disappointed that the scheme of 4 anna taxis had not been put into force. They were, however, glad that the principle of the reduction of taxi fares had been at least accepted. The Committee took the opportunity of drawing the attention of the Superintendent to a complaint made that some taxis running in the City were in such a deplorable condition that it was a personal risk to move in them. They hoped that this aspect would also be examined by his department and the cheapening of the fares would not mean any deterioration of the standard,

Recent Police raid on the Cotton Exchanges.

The Committee having learnt of the regrettable incidents which took place at the Trading Hall of the East India Cotton Association, Ltd., on the 9th April 1935 addressed the Government of Bombay, conveying the considerable feeling of the cotton merchants at the incidents.

The Committee observed that they were not averse to the main object of Government in stopping gambling and illegitimate trading of all description. But in their opinion the legitimate interests of *bona fide* merchants engaged in their peaceful avocation must be protected and they should be safeguarded against interference by the Police or any other authorities even if such interference took place through mistaken zeal or through error of any other kind. The Committee suggested that wholesale and mass arrests of the kind which were attempted should in future, if found necessary, be attended by officers of a higher status than those who were entrusted with the task on that occasion.

In conclusion, the Committee urged that apart from a reassuring statement from Government on the immediate issue of the happenings on the 9th April Government ought to hold a consultation with the trade for quicker and better accomplishment of the objects of preventing gambling and safeguarding at the same time the legitimate and *bona fide* activity of merchants in the different markets and trades located in the City of Bombay.

In reply the Committee were assured by the Government of Bombay that an incident such as occurred on the 9th April 1935 was not likely to take place again and that the Chamber need be under no apprehension at all that the legitimate interests of *bona fide* merchants engaged in their peaceful avocation would suffer in future.

Discontinuance of the Statistics of inter-provincial trade from the Provincial volume of the Sea-borne Trade and Navigation &c., and also from the monthly coasting trade returns.

The Collector of Customs, Bombay, informed the Committee that it was a long-standing practice in the Bombay Customs House to record the trade between the various subordinate ports of the Presidency of Bombay, excluding Sind, and to show it under a separate division viz : "British Ports within the Presidency." The figures appeared in the various tables relating to the coasting trade published in Part II of the "Annual Statement of the Trade and Navigation of the Presidency of Bombay, excluding Sind." Although the publication of this volume had been discontinued, the volume was being maintained in a manuscript form and the trade of the Chief Port—Bombay, with the subordinate ports and also that of the subordinate ports between themselves was being recorded under the division "Internal Trade." The Collector pointed out that the figures shown under the division "British ports within the Presidency" or "Internal Trade" did not represent the exact position of the trade, but were exaggerated inasmuch as the imports or exports at one subordinate port from and to another were the exports and imports at the other port ; thus representing the import and export trade of the particular subordinate ports and not, strictly speaking, the imports and exports of the Presidency. It was, therefore, suggested that the figures of this "Internal Trade" should in future be excluded from the monthly coasting trade returns and also from the Provincial Volume and that the figures of imports and exports into and from the subordinate ports from and to ports outside the Presidency alone be shown separately in the Provincial Volume only.

The views of the Committee being invited on this proposal, they informed the Collector of Customs that they had no objection to the proposed discontinuance of the statistics under reference,

Qualifications and Pay for the post of Registrar of Joint Stock Companies and of Firms.

The Government of Bombay informed the Committee that the present incumbent, Mr. H. C. B. Mitchell, who combined the posts of Administrator General and Official Trustee with that of the Registrar of Joint Stock Companies and of Firms, had applied for leave preparatory to retirement. Government were now inclined to think that it was desirable that after Mr. Mitchell had proceeded on leave, the post of Registrar of Joint Stock Companies and of Firms should be made an independent post. The opinion of the Committee was invited as regards qualifications and pay to be attached to such an independent post.

The Committee in reply informed that such a work would require preferably a man who combined knowledge of accounts with knowledge of Company Law and practice and Government should appoint a senior experienced man with these qualifications to the post. The Committee considered that it would not be difficult to secure a good Indian with the qualifications on the scale of Rs. 800-50-1200. In conclusion the Committee urged that an Indian only should be appointed to the post.

Notifications issued by the Government of India in connection with the Sanctions against Italy as recommended by the League of Nations.

The Government of India issued on 18th November 1935 three notifications in regard to Sanctions against Italy. Notification No. 1 related to the prohibition to ship to Italy by sea or by land various goods specified in the schedule; No. 2 prohibited transshipment at any port of the classes of goods specified in the schedule destined to any port in Italy or any Italian possession and No. 3 prohibited the bringing by sea or by land into British India of goods other than gold, silver bullion and coin from whatever place, arriving from, consigned to or manufactured in Italy or any Italian possession. These notifications had been published in the press *in extenso*.

V. GENERAL.

J. P. C. Scheme on Constitutional Reforms.

As members are aware a special general meeting of the Chamber was held on Tuesday, the 12th February 1935 when the following resolution expressing the commercial community's condemnation of the scheme of constitutional reforms adumbrated in the J. P. C. recommendations was unanimously passed :

“This Special General Meeting of the Indian Merchants' Chamber is of opinion that the proposed scheme of Constitution for government of India is conceived in a spirit of Imperialist domination and economic exploitation and transfers no real power to the people of India. The effect of financial and commercial safeguards through reserve powers of Governor-General and Governors will paralyse Indian Legislatures and Ministers and prevent all effective action for securing India's economic prosperity. The acceptance of such a Constitution will retard, instead of furthering, the political and economic progress of India.”

Recommendations of the Bombay Provincial Delimitation Committee re: allocation of seat in the Bombay Legislative Assembly to the Indian Merchants Chamber.

The Chamber had made a representation to the Bombay Provincial Delimitation Committee with regard to the allocation of two seats in the new Bombay Legislative Assembly and also one seat on the proposed Council, an Upper Chamber for the Presidency on the ground that the Chamber was the only body which thoroughly represented all interests of Indian commerce in the Bombay Presidency. In the course of their report the Bombay Provincial Delimitation Committee in para 35 observe as follows as regards the representative character of the Indian Merchants Chamber ;

"In our opinion none of these associations is of sufficient importance to be entitled to representation in a Commerce constituency, either singly or combined with others. If special representation is to be given to Commerce, it is, in our opinion, essential that the associations which form these constituencies should be well established and of such standing and importance that they could be relied upon to send to the Assembly as their representatives men of outstanding ability and experience, whose expert knowledge would be of help to the legislature. None of the associations from whom representations have been received by us is, in our opinion, better entitled to represent Indian Commerce than those which from the existing constituencies and the continuance of which the Commissioners have recommended. We considered also whether it would not be possible to combine with the existing associations some of those which have now applied for representation but came to the conclusion that this was neither desirable nor necessary. The two Mill-owners' Associations which enjoy seats at present represent adequately and efficiently the interests of the mill industry in the two principal centres of that industry in the Presidency, while the Indian Merchants' Chamber is, in our opinion, thoroughly representative of the interests of Indian commerce generally and is best fitted to represent those interests in the provincial legislature."

The Bombay Provincial Delimitation Committee have recommended the following seven seats to the trade and commerce constituencies—Indian as well European as follows:—

The Bombay Chamber of Commerce	2	Seats.
The Indian Merchants' Chamber	1	"
The Bombay Presidency Trades Association	1	"
The Bombay Millowners' Association	1	"
The Ahmedabad Millowners' ,,	1	"
The East India Cotton ,,	1	"

Representation of the Indian Merchants' Chamber in the Provincial and Central Legislatures under the new Reforms.

1) Bombay Provincial Delimitation Committee.

The Committee forwarded a representation to the Bombay Provincial Delimitation Committee on the 20th June 1935. They observed that with reference to the Bombay Legislative Assembly under the new Reforms, the Indian Merchants' Chamber, representing Indian Commerce, should be allotted two seats. With regard to the Legislative Council, i.e. the Upper Chamber for the Bombay Presidency, the Committee also put forward the claim of the Chamber to at least one seat. They observed that if the purpose of the Second Chamber was to see that no hasty and extreme legislation was passed, it was only right that the vast interests represented by the Indian Merchants' Chamber and the Associations affiliated thereto should have at least one seat in this Council.

2) Indian Delimitation Committee.

The Committee also submitted a comprehensive representation to the Indian Delimitation Committee, setting forward various grounds as regards proper representation of the Chamber on both the Central and Provincial Legislatures under the new Reforms. The Committee drew the attention of the Indian Delimitation Committee to the fact that the Indian Merchants' Chamber was the only body which was privileged to enjoy exclusive and continued seat, representing Indian Commerce, in the Indian Legislative Assembly; and also enjoyed the privilege of sending representatives to a number of public bodies on behalf of the Indian commercial community. The Chamber represented more than 60 different types of business and had on its roll 88 leading Joint Stock Companies, and had 30 Associations representing different trades affiliated to it, holding a membership of about 6,000. The Committee cited these particulars with a view to bring to the notice of the Indian Delimitation Committee the fact how the Chamber had fully de-

served the representation, which it had been enjoying under the Montagu-Chelmsford Reforms Scheme and whose continuance the Lothian Committee had recommended for the new Federal Assembly.

The Committee claimed that in view of the importance of the Indian Merchants' Chamber in the Indian commercial community, at least two seats should be allowed to it on the new Bombay Legislative Assembly; one seat on the new Bombay Legislative Council, i.e. the Upper Chamber; and should continue to enjoy its representation in the new Federal Assembly also.

Chamber's representatives before the Indian Delimitation (Hammond) Committee.

The Committee were invited by the Government of Bombay to nominate two representatives to appear before the Indian Delimitation Committee for the purpose of tendering oral evidence. The Committee nominated Mr. Manu Subedar, President and Mr. L. R. Tairsee, M. L. C. as their representatives for the purpose.

Representation of the Bombay Municipal Corporation to the Government of Bombay re: delimitation of constituencies for the City of Bombay and suburbs and allotment of larger number of seats to the City on the Reformed Legislatures.

The Bombay Municipal Corporation had submitted a representation to the Government of Bombay in regard to the recommendations made by the Bombay Provincial Delimitation Committee for the delimitation of constituencies for the City of Bombay. The Corporation felt dissatisfied with the allotment of 9 seats including special reservations for Bombay and Suburbs, and set forth various reasons such as population, pro rata share of the City of Bombay in the provincial taxation, importance of the Bombay City in regard to its industry, enterprise and general activity etc., for greater representation in the Reformed legislatures,

The Committee of the Chamber were requested by the Corporation to support their representation asking for larger seats in the Reformed legislatures.

The Committee in addressing the Government of Bombay observed that there was much weight in the claim put forward by the Corporation and hoped that Government would examine carefully the case set forth by the Corporation and would ask the Hammond Committee to do all they could for holding the balance even between rural and urban interests.

New Electoral Rolls for the Council of State.

The attention of the Committee had been drawn to the difficulty experienced with regard to the new electoral roll which was being prepared for the forthcoming elections of the Council of State. A press note issued by the Collector of Bombay stated that persons possessing the income-tax qualifications should either produce certificates from the Income-tax officers concerned or receipts of payment of super-tax showing that they were assessed to income-tax in the year 1934-35 on an income of not less than Rs. 30,000.

In addressing the Government of India in this connection, the Committee observed that such press notes appearing in some papers were often not noticed by income-tax assesseees who therefore did not get their names registered in the Electoral Roll. The Committee therefore suggested that the Income-tax Department should inform the local Reforms Commissioner of the names of people who were paying income-tax on incomes of more than Rs. 30,000 per annum. The Income-tax Department at present did not follow this procedure on the ground that under Section 54 of the Income-tax Act such information with the Income-tax office was considered confidential. Even at present the Income tax Department supplied the Reforms Commissioner with names of people who were paying income-tax and all this list was incorporated in the list of voters for the Assem-

bly elections, both present and the new. The Committee did not see any reason why such a course should not be adopted with regard to the income-tax assesseees of incomes of more than Rs. 30,000 per annum specially as such a procedure would make the Electoral Roll for the Council of State thoroughly comprehensive. The Committee also suggested that the Income-tax Department might send certificates direct to the income-tax assesseees to the effect that they were paying income-tax on incomes of more than Rs. 30,000 per annum, so that these assesseees would then have merely to send these certificates to the Reforms Commissioner and get their names incorporated in the Electoral Roll. The Committee hoped that early action would be taken in this direction so as to be useful to those on whom the constitution conferred the right to vote and some of whom were through the procedure now adopted likely to be denied the right.

Revision of the constitution of the Federation of Indian Chambers of Commerce and Industry.

The Federation Indian Chambers of Commerce & Industry invited the views of the Committee on the proposals in regard to the revision of the constitution of that body. The special sub-Committee of the Federation which examined this question had suggested amendments to the constitution of the Federation in various directions, the more important of them, being;

(1) Providing for the constitution of the Committee of the Federation with panels for the various branches of industry, commerce and trade, and (2) setting up standards and qualifications for representatives standing for election on the Committee of the Federation.

The Committee opposed both these provisions. They felt that there was no justification for dividing the Committee of the Federation into panels representing particular trades and industry and that the present practice of unrestricted election from among all representatives of trade and industries should continue. They also opposed the suggestion that only representatives "actively engaged in trade and

industry" should be eligible to seek election on the Committee of the Federation. They felt that the present unrestricted right of every representative of every Association to stand for election should continue.

The Committee examined all other proposals in regard to amending the constitution of the Federation and submitted their detailed views on the same.

The Committee were subsequently informed that the President of the Federation wished to go round the country with a view to discuss informally with the constituent member bodies of the Federation the question of the proposed revision of the constitution of the Federation. The Committee in reply informed the Secretary of the Federation that in their opinion no useful purpose would be served by informal conferences of the nature suggested. They had already forwarded their views to the Federation on the question of the revision of the constitution and they saw no reason to alter those views. They therefore suggested that the best course would be in view of the important question at issue, to have a special session of the Federation, or to allot a special day at the next meeting of the Federation for the purpose.

Annual meeting of the Federation of Indian Chambers of Commerce and Industry.

The Committee nominated the following four gentlemen as their representatives to the forthcoming Annual session of the Federation held in March 1935.

Mr. Manu Subedar,	President.
„ R. M. Chinoy,	Vice-President.
„ A. D. Shroff.	
„ M. C. Ghia.	

They also nominated Mr. Manu Subedar and Mr. A. D. Shroff for being elected on the Committee of the Federation.

Resolutions to be submitted to the Annual Session of the Federation.

The Committee forwarded draft resolutions on the following subjects for being placed on the agenda for the ensuing Annual session of the Federation.

Employers' Delegation to the International Labour Conference.

Competition of jail industries with private enterprise.

Indian delegation at Geneva.

Income Tax.

Mileage Coupon Tickets for Commercial Travellers.

Delay in tariff protection.

They also suggested that the Committee of the Federation should draft suitable resolutions on the following additional subjects :—

Indo-British Trade Agreement

Indo-Burma Trade Agreement.

Shipping Under the J. P. C. Scheme.

Safeguards and Commercial Discrimination.

Procedure in regard to commercial treaties & agreements.

Trade Commissioners abroad.

Nomination of a representative of the Federation of Indian Chambers of Commerce & Industry for the proposed Committee re: examination of the Indian Companies Act.

The Federation of Indian Chambers of Commerce and Industry invited the nomination of a representative to serve on the Committee proposed to be appointed by the Government of India to consider the report submitted by Mr. Sushil Sen, on the question of revision of the Indian Companies' Act. The Committee recommended the name of Mr. Nalini Ranjan Sarker for the same.

Representative of the Federation of Indian Chambers of Commerce and Industry on the Imperial Council of Agricultural Research.

The Committee were invited by the Federation of Indian Chambers of Commerce and Industry to nominate a member for being elected as the Federation's representative on the Imperial Council of Agricultural Research. The Committee nominated Mr. Chunilal B. Mehta for the purpose. Subsequently the Committee were informed that Mr. Chunilal B. Mehta was duly elected as the Federation's representation on the Imperial Council of Agricultural Research.

Nomination of a member from the Federation of Indian Chambers of Commerce and Industry on the Wheat Committee under the Imperial Council of Agricultural Research.

The Secretary of the Federation informed the Committee that on the newly appointed Wheat Committee under the Imperial Council of Agricultural Research the Federation had been offered one representative. The Committee were, therefore, invited under the double election procedure to nominate one member for the said appointment. The Committee thereupon nominated Mr. Velji L. Napoo, President of the Grain Merchants' Association for the purpose.

The Committee were subsequently informed by the Federation that after scrutinising the votes recorded by Member-Bodies of the Federation, Mr. Ratilal M. Gandhi, President of the Seeds Traders' Association, Bombay, was duly elected its representative on the Wheat Committee.

Nomination of a member from the Federation of Indian Chambers of Commerce and Industry on the Rice Committee under the Imperial Council of Agricultural Research.

The Secretary of the Federation informed the Committee that on the newly appointed Rice Committee under

the Imperial Council of Agricultural Research, the Federation had been offered one representative. The Committee were, therefore, invited under the Double election procedure to nominate one member for the said appointment. The Committee thereupon nominated Mr. Mathuradas C. Matani, President of the Rice Merchants' Association for the purpose.

The Committee were subsequently informed by the Federation that after scrutinising the votes recorded by the Member-Bodies of the Federation, Mr. Ashutose Bhattacharjee President, Chetla Paddy Merchants' Association, was duly elected as its representative on the Rice Committee.

Report of Dr. K. L. Ganguly, representative of the Federation of Indian Chambers of Commerce and Industry in Germany re: his work there.

The Committee received a copy of the report submitted by Dr. Ganguly to the Federation in regard to his work in Berlin. In his report he had mentioned various facilities which were now made available to Indian businessmen having business connections with Germany. The contents of this report have already been circulated among the members of the Chamber for their guidance.

Sixth Annual Meeting of the Indian National Committee of the International Chamber of Commerce.

The Sixth Annual meeting of the Indian National Committee of the International Chamber of Commerce was held at Delhi on 31st March 1935. Mr. Manu Subedar, the President was deputed to attend the meeting as representative of the Chamber.

Paris Congress of the International Chamber of Commerce.

The Eighth Biennial Congress of the International Chamber of Commerce will be held at Paris from 24th to 29th June 1935. The Indian National Committee is arranging

to send a delegation from India to attend the same. Members of the Chamber who expect to be in Europe at about that time or who would like to attend the Congress as delegates will kindly let the undersigned have information about the same so that the necessary arrangements may be made.

Indian Employers' Delegation to the 20th Session of the International Labour Conference, 1936.

The Commissioner of Labour, Bombay, sent a copy of the notification issued by the Government of India inviting nomination for the Employers' Delegation to the 20th Session of the International Labour Conference. The Committee suggested the name of Mr. Manu Subedar, B. Sc. (Econ.) (Lond.) Barrister-at Law, President of the Chamber as the Indian Employers Delegate to the 20th Session of the International Labour Conference.

Indian Accountancy Board.

It was suggested that the Committee should request the Government of India to publish an administration Report of the Indian Accountancy Board. As they felt that such an annual publication would be useful and would give the public an idea of the working of the Board, the Committee requested their representative in the Legislative Assembly to ascertain by interpellations or otherwise if Government intended the publication of such report, and, if not, to suggest its publication.

Auditors Certificate Rules, 1932—Amendments to.

The views of the Committee were invited by Govt., on the proposed amendments to the Auditors Certificate Rules, 1932. As the amendments were of a minor nature, the Committee informed Government that they had no objection to the same.

Proposal to convene a Sheriff's meeting to protest against anti-Indian Legislation in Zanzibar.

The Committee at their meeting held on January 28th passed the following resolution.

"This Committee of the Indian Merchants' Chamber strongly resent the action of the Sheriff of Bombay in refusing to convene a meeting of the citizens of Bombay to protest against the treatment of Indian Merchants in Zanzibar. The Committee have been frequently assured in the past by Government that there is no difference of opinion between the Indian public and the Government of India in regard to the treatment of Indians abroad. The subject matter of the meeting therefore was entirely non-controversial both amongst the different sections of India's population and between the people of India and their Government.

The Committee appeal to all merchants of Bombay who are voters for the non-Mahommadan constituency for the Council of State to record their protest against the Sheriff's action by not supporting his candidature at the forthcoming by-election to the Council of State.

Anti-Indian Legislation in Zanzibar.

This was a question on which the Committee had made strong representations to the Government of India. The Indian National Association, Zanzibar, again addressed the Committee on this question and requested them to move further in the matter, with a view to bring the matter to the fore to the public mind and to arouse the consciousness of the Government, the Committee suggested to their representative in the Legislative Assembly that he should move an adjournment of the Assembly to discuss this question.

Rights of Indians in Kenya, East Africa.

In the Kenya Highlands, although in practice land is given to the European settlers only, there is no statutory

disability against Indians acquiring lands. With the consent of the Governor of Kenya, lands could be acquired by Indians. The attention of the Committee was, however, drawn to a move at present afoot in that country to introduce legislation legally preventing Indians from acquiring lands in the Highlands. The Committee placed the information before the Government of India and pressed upon them the seriousness of the situation. They requested that Government should make immediate enquiries in the matter with a view to elucidate facts and to see that the legitimate rights of Indians in that country were not set at naught.

Restrictions on foreigners in Iraq.

The attention of the Committee was drawn by a member to recent restrictions reported to have been imposed on foreigners in Iraq as regards the passports and permits of residents there.

The Committee thereupon addressed the Government of India drawing their attention to the fact that a number of British Indians were residing there carrying on business who would be naturally affected by such restrictions if they were put into operation. The Committee therefore requested Government to enlighten them if Government had any intimation regarding these restrictions and if so, what measures Government proposed taking to safeguard the interests of British Indians in Iraq.

Anti-Indian attitude of the Official Labour Opposition in Parliament re: employment of Indian seamen in British-owned ships.

The attention of the Committee was drawn by Mr. Jamnadas M. Mehta to a letter addressed by him to Mr. George Lansbury, M. P., re: the anti-Indian attitude taken by the Official Labour Opposition during the course of the Debates in Parliament in December 1934 and February 1935 on the question of giving subsidies to British Tramp Shipping. The Committee after carefully considering the question felt that the attitude taken by the Official Labour

Opposition was deplorable and inimical to the interests of Indian seamen. They therefore requested their representative in the Legislative Assembly to draw the attention of the Government of India to this matter by putting suitable interpellations regarding the same.

Facilities for Indian students for higher technical training in the United Kingdom and other foreign countries.

The Committee addressed the Government of India in regard to the question of securing adequate facilities for Indian students for technical training in the United Kingdom and other countries. They pointed out that the Government of India were placing orders, through the Indian Stores Department and the High Commissioner for India in London, not only with firms in the United Kingdom but also with those in other countries for purchasing of stores required by Government Departments, such as railways, military, etc. They realised that the High Commissioner for India, was able to secure some facilities for a number of Indian students abroad. The Committee however felt that it was not sufficient, because of the growth and development of industries in India, a much larger number of Indian students should be trained in technical lines. They, therefore, submitted that the Government of India should make a stipulation in respect of all future contracts to the effect that facilities for Indian students for higher technical training should be provided by every successful tenderer. This rule should also apply to purchases made by the Provincial Governments.

Disposal of Government surplus stock of Quinine.

The attention of the Committee was drawn to a press message that negotiations for the sale of surplus stock of quinine were proceeding. The Committee therefore addressed the Government of India in regard to the question of a greater supply of quinine to the Indian people in the various districts of the country, which were still malaria-ridden. The Committee pointed out that the annual average per capita con-

sumption of quinine in India, as compared with that in other countries was abnormally low. In the opinion of the Committee there were two alternatives to remedy the above : viz. (1) to allow a special concession rate of Rs. 6 per lb. to Provincial Governments, i.e. quinine should be offered to them at Rs. 12 per lb ; or (2) if the Provincial Governments were not able to purchase quinine even at this concession rate, the Government of India to sell quinine in the market at a reasonably low rate which would induce pharmacutists to purchase the stock and afterwards distribute it to the public at rates lower than what they are now prevailing. The Committee hoped that looking to the importance and urgency of the question, the Governor of India would be pleased to adopt either of the two above alternatives suggested by them at an early date.

Inreply the Committee were informed that the Government of India had under consideration a proposal for the free distribution to the Local Governments.

As regards the suggestion of the Committee that Government should sell quinine in the market at a reasonably low rate, the Committee were informed that a system of sales to the trade at a price lower than the market price was already in force.

Bombay Municipal Election.

In connection with the triennial elections to the Municipal Corporation, Raja Bahadur Govindlal Shivilal was unanimously re-elected as the Chamber's representative on the Corporation for a further term of three years from 1st April 1935.

New Rules.

The following new Rules were passed at the Second Quarterly General Meeting of the Chamber held on 30th July 1935, as recommended by the Committee,

Rule 4 (1). "There will be three classes of Ordinary Members :—

- (a) Residents of Bombay and its suburbs who will have to pay in advance Rs. 75 as annual subscription; but Joint-Stock Companies will have to pay in advance Rs. 100 per year.
- (b) Mofussil members who will have to pay in advance Rs. 25 as annual subscription.
- (c) Associations which will have to pay in advance Rs. 125 as annual subscription.

Admission Fee : All the ordinary members and patrons will have to pay in advance Rs. 50 as admission fee which will be credited to a capital fund of the Chamber and shall not be expended on revenue account except with the consent of the General Body."

Rule 6.

"The applicant, whether an individual, a firm or an association, shall sign the admission form giving details of business, etc., and send it to the Secretary, with signatures of proposer and seconder, who must be members of the Chamber. This application shall be submitted to the Committee, who shall appoint a Scrutineer. Names of all such applicants, with names of their proposers and seconders, during the month shall be put up on the notice board of the Chamber in the first week of the following month and they shall be there for one whole week. During this period members of the Chamber shall come to the Office of the Chamber between 11 A.M. and 5 P.M. (S.T.) and register their votes either for or against the inclusion of such applicants as members of the Chamber. At least five percent of the members of the Chamber must register their votes to make the ballot valid. The presence in the ballot box of one negative vote shall cancel six positive votes. If an applicant or applicants gets or get 12 negative votes, he or they shall not be elected. On the seventh day the ballot box shall be opened at 5 p.m. (S.T.) by the Scrutineer and the Secretary, who shall declare the result of the ballot,"

Rule 7.

"Members wishing to resign shall give written notice to the Secretary."

Formation of Electorates for Commercial Constituencies.

The Federation of Indian Chambers of Commerce and Industry invited the opinion of the Chamber on communications received by them from the Indian Delimitation Committee regarding the following proposals in connection with formation of electorates for commercial constituencies.

1) Whether the electorate should be restricted to members of a Commercial Chamber or Association; or whether it should be general to include companies, firms and individuals possessing capital, employed in commerce or industry, or paying income-tax on income from commercial or industrial operations.

2)(a) Whether in the event of membership of certain prescribed Chamber of Commerce or commercial Association being accepted as the qualification there should be an additional qualification of possessing certain minimum financial status and

(b) Whether this principle should apply in case of electorates of both Federal and Provincial Legislatures.

The Committee, in reply, informed the Federation that they were opposed to both the above proposals of the Indian Delimitation Committee.

Additional income-tax qualification of members of Chambers of Commerce for voting at elections in Commerce Constituencies.

The Indian Delimitation Committee put forward a proposal to the Chamber's representatives who appeared before them for giving oral evidence whether an additional in-

come-tax qualification should be imposed on members of Chambers of Commerce for being voters. The suggestion was that a member who was paying income-tax on an income of Rs. 10,000 on an average of three years would alone be entitled to have his name on the electoral roll of the Chamber, thus adding one more qualification to the qualifications of membership of Chambers of Commerce for purposes of elections to the Legislatures.

The Committee after considering the proposal addressed the Indian Delimitation Committee, stating that they could not agree to the same. "Membership of a Chamber of Commerce, in the opinion of the Committee, should be in itself a sufficient qualification for the electoral roll. The Committee apprehended that the suggestion of the Delimitation Committee, if accepted, might lead to several complications. Thus, for example, if a very good merchant and businessman, who might be fitted for voting or even for standing as a candidate, might make a loss on his business in one year and even his three years' average might not show the required Rs. 10,000 income; and as such, according to the above suggestion, his name would be liable to be removed from the Electoral roll. This fact would become known to the whole business community and it might do him irreparable harm not only in his public life but even to his business. The Committee were afraid that under such circumstances people would either refrain from joining Chambers of Commerce or would resign their membership if they had made certain losses. On these considerations, among others, the Committee were strongly opposed to the introduction of any further qualifications for the electorate of a Chamber of Commerce.

Golden Jubilee of the Indian National Congress.

The Committee at their meeting held on Tuesday 17th Dec. 1935 passed the following resolution in this connection.

'The Committee of the Indian Merchants' Chamber express their heartiest felicitations to the Indian National

Congress on the occasion of its attaining 50 years of useful career and beg to place on record their appreciation of its work in the cause of the economic, social and political uplift of the people of India

The Committee further request members of the Chamber to participate in the celebrations that will be held in the City of Bombay.

The Committee further RESOLVE that Saturday, the 28th December 1935 be considered as a holiday for the Chamber and the Offices of the Chamber be closed on that day."

Commercial Examination.

There were in all 260 candidates for the commercial Examinations of the Chamber held in May 1935 being the 9th year of the Examinations. Out of these 160 candidates were for the various Diploma examinations and the remaining for single certificate examinations. The results of the examinations showed that 51 candidates were successful in the Diploma section and 37 in the single certificate section. The examinations were held in the following centres.

Bombay	Poona.
Ahmedabad	Calcutta
Lahore	Bangalore
Madras	Delhi
Karachi	Mysore
Calicut	Guntur
Narasapur	Rajahmundry.
Surat.	

Membership of the Chamber.

At the beginning of the year there were 566 members. During the year 55 members were elected and 66 discontinued their memberships (2 member-firms having been dissolved, 54 having resigned, 9 having been struck off the rolls for arrears of subscription and 1 having died). There are thus now on the rolls 555 members.

Death of Mr. Hirachand Vanechand Desai.

The Committee learnt with regret of the death of Mr. Hirachand Vanechand Desai, who was for some time a member of the Committee of the Chamber, and President of the Bombay Shroff Association. The Committee in placing on record their appreciation of the services rendered by the deceased to the commercial community, passed the following resolutions :—

RESOLUTION:

“The Committee of the Indian Merchants’ Chamber learnt with deep regret of the death of Seth Hirachand Vanechand Desai, who was at one time a member of the Committee of the Chamber, and President of the Bombay Shroff Association. Seth Hirachand had, in many ways and in many directions, rendered valuable services to the commercial community of Bombay over a period of twenty five years.

The Committee place on record their sense of appreciation of his services, and convey their condolences to the members of the family of Seth Hirachand Vanechand Desai.

Statement of Accounts of the Chamber.

The statement of accounts of the Chamber for the year ending 31st December 1935 with the Auditors Report is annexed hereto.

It will be observed therefrom that a sum of Rs. 3836-6-0 has been received as contribution from the representatives of the Chamber on the various public bodies. The best thanks of the Committee are due to the gentlemen who have made these contributions.



THE INDIAN MERCHANTS' CHAMBER.

I 1

Receipts and Payments Account From 1st January 1935 to 31st December 1935. Cr.

117

RECEIPTS.

To Balance brought forward as per last year's account 72,060 6 1
 ,, CAPITAL FUND A/C. ..

Rs.

55 New members .. 2,750/-
 @ Rs. 50/- each
 Less fees received last year from ..
 37 Members @ Rs. 50 each 1,850/-

Application for membership received in advance @ 50 ..

MEMBERSHIP SUBSCRIPTION :

391 Resident Members @ Rs. 75/- each 29,325/-
 68 Ltd. Companies @ Rs. 100/- each 6,800/-
 28 Association Members @ Rs. 125/- each ..

68 Mofussil Members @ Rs. 25/- each 3,500/-
 Outstanding realised .. 1,700/-
 .. 6,975/-

48,300/-

Less :

Subscriptions outstanding .. 5,025/-
 Last Year's bad debts : 22 @ ..

Rs. 75, each, 1 @ Rs. 100/- & .. 1,800/-
 2 @ Rs. 25/- each ..

Subscriptions received last year from 37 Members 26 @ Rs. 75/- each & 11 @ Rs. 25/- each .. 2,225/-

Subscriptions received last year from one mofussil member @ Rs. 25/- and one Association member @ Rs. 125/- .. 150/-

9,200/-

39,100 0 0

PAYMENTS.

By Establishment charges
 ,, Rent, Insurance & Electric charges
 ,, Telephone rent.
 ,, Postage & Telegrams
 ,, Printing Reports, etc.
 ,, Journal
 ,, Stationery.
 ,, Commercial Examinations (including Honorarium, printing expenses, etc.)
 ,, Subscriptions to newspapers & Periodicals
 Books for Library :

from Chamber's % 332-6-3

,, B. F. Madon Portrait Fund 9-7-0

Surplus.

Miscellaneous charges.

Upkeep of Library, including Binding charges

Carriage Hire.

Chairs, etc. Hire... ..

Commission on Adverts. in Journal

Auditors' Honorarium for 1934

Repairs to Typewriters, etc.

Membership subscription to Federation of Indian Chambers of Commerce & Industry.

Memberships Subscription to I. N. C. International Chamber of Commn.

Contribution to Indian Chamber of Commerce in Great Britain, London

Deposit with Central Publication Branch, Govt. of India, Delhi... ..

Furniture & Fittings.

Bank Commission.

Rs.

25,007 2 6

3,620 2 0

523 1 0

1,937 9 0

2,896 0 0

1,545 4 0

1,761 15 0

2,218 7 3

803 15 7

Rs.

341 13 3

271 0 9

134 7 0

272 0 9

63 0 0

174 2 0

100 0 0

129 8 0

150 0 0

24 0 0

28 5 9

27 7 6

60 14 0

7 12 0

Payment received in advance from one New Applicant @ Rs. 125/	125	0	0	..	..	..	..	325	4	0
Contributions from Chambers representatives on various public bodies.	3336	6	0	..	..	..	..	75	0	0
Fees for Commercial Examinations.	3,291	0	0	..	..	..	..	1,000	0	0
Interest on Investments & current a/cs.	1,901	3	0	..	..	..	..	43,498	3	4
Advertisements in Journal	862	8	0	..	..	..	..			
Advertisements in Syllabus for Comml. Exams	35	0	0	..	..	..	..			
Subscriptions to Journal	134	15	0	..	..	..	..			
Fees for Certificates of Origin & quality	640	0	0	..	..	..	..			
" Swadeshi Certificates & renewals.	26	0	0	..	..	..	..			
Sale of members' lists, etc.	92	0	0	..	..	..	..			
" of Syllabus & Q. Papers for Coml. Exams.	46	5	9	..	..	..	..			
Sundry Receipts...	23	12	0	..	..	..	..			
Loan recovered from Clerk & Peons.	365	0	0	..	..	..	..			
Deposit with Govt. of India, Central Publication Branch, as per last year's account	49	9	6	..	..	..	..			
Arbitration & Survey fees.	70	0	0	..	..	..	..			

.. Travelling Expenses	..	..	..	..	..	..	..	325	4	0
.. Legal Charges	..	..	..	..	..	..	..	75	0	0
.. Refund of Deposit re: Assembly Election	..	..	..	..	..	..	..	1,000	0	0
.. BALANCE :—								43,498	3	4
.. CAPITAL FUND :—										
.. 5% Govt. Loan of Rs. 5000 (1945-55) @ cost.	..	..	..	..	..	..	..	5,425	0	0
.. 5% Municipal loan of Rs. 10000 @ cost.	..	..	..	..	..	..	..	8,862	8	0
.. Fixed Deposit with Central Bank of India @ 3½%	..	..	..	..	..	..	..	25,000	0	0
.. In current a/c with Central Bank of India.	..	..	..	..	..	..	..	3,362	8	0
.. OTHER INVESTMENTS :								42,650	0	0
.. 4% Port Trust Bonds of Rs 2000 @ cost.	..	..	..	..	..	..	..	2,025	0	0
.. CASH :								20,25	0	0
.. In current a/c with Central Bank of India.	..	..	..	..	..	..	..	24,004	7	9
.. In current a/c with Bank of India	..	..	..	..	..	..	..	11,200	7	2
.. In Hand (including cheques)	..	..	..	..	..	..	..	230	15	1
.. Total Rs.	35,435	14	0	..	..	..	..	80,110	14	0

Total Rs. 1,23,609 1 4

J. K. MEHTA, Secretary

We have examined the above account of Receipts and Payments with books and vouchers of the Indian Merchants' Chamber and certify the same to be correct.

DEVIDAS VITHALDAS & CO.

Auditors.

Bombay, 3rd January 1936.

MANU SUBEDAR,

President.

APPENDICES

I.—TRANSPORT AND COMMUNICATIONS

APPENDIX 1

Small Steamship Companies and Tuticorin tonnage and Persian Gulf Traffic

Letter No. 2573 dated 23rd October 1935 from Chamber to Government of India, Commerce Department.

The Committee of the Chamber have seen the representation of the Eastern Steam Navigation Co., Ltd., dated 1st October 1935 addressed to the Hon'ble the Commerce Member.

They sympathise with the condition of the Small Steamship Companies in their search for a little more freight to Tuticorin. The Small Companies complain that their freedom of movement has been greatly circumscribed particularly with regard to the eastern waters and as they have exhausted their quota in a short period they are earning nothing on the route Bombay/Karachi to Tuticorin.

They have also seen the letter dated the 18th October 1935 on the question of participation in the trade with Persian Gulf.

With regard to this question, my Committee have found much more important ground for supporting the representation and they trust that the issue will receive the early attention of Government.

My Committee learn that what is desired is not a setting aside of the Award, but in the light of the experience

of its working for some months, some of its corners should be put right, and some details which the working has shown to be not entirely to the benefit of small companies in whose interest and for whose sake the Award was given, remedied.

APPENDIX 2

Restrictions on Transhipment by Country Crafts

(See Annual Report for 1934, Page 98).

APPENDIX 3

Employment of I. M. M. T. S. "Dufferin" Cadets

Letter No. 3158 dated 18th December 1935 from Chamber to Government of India, Commerce Department.

I am directed by my Committee to invite your earnest attention to the growing uncertainty as regards the cadets of the Indian Mercantile Marine Training Ship "Dufferin" obtaining employment as Officers after they receive their Board of Trade certificates of competency. My Committee understand that about eight duly qualified cadets are without employment at present and that when about 25 more cadets will obtain their certificates of competency as Second Mates early next year, the problem for finding employment for nearly 33 cadets will become really serious. My Committee further gather that this question has filled the members of the Governing Body of "Dufferin" with great anxiety and they have also made representations to the Government of India in this connection.

My Committee reliably understand that this growing uncertainty for securing employment has been mainly due

to the non-Indian Shipping Companies either refusing to employ these cadets as Officers or not employing them in accordance with the undertaking given by them to the Government of India. My Committee find that the British India Steam Navigation Co., Ltd., with its very large fleet of over 130 steamers have given employment to only four cadets as Officers, while the P. & O. have refused to take any cadets as Officers on their steamers. My Committee are further informed that the Asiatic, the Moghul Line and the Nourse Line do not employ these cadets as Officers according to the undertaking given by them to the Government of India.

In view of the appeal made by Lord Irwin in 1926 and 1928, when he remarked :

“I hope therefore that British Shipping Companies will co-operate to make the training ship a success by giving fair opportunity of employment to Indian cadets.”

“I earnestly trust that Indian cadets will prove their capacity and will eventually find employment by Companies which have given their apprentice training;” and having regard to the policy of the Government of India, about which a reference was made by Sir George Rainy, in reply to a question in the Legislative Assembly in 1929 :

“While anxious to avoid giving the impression that employment is assured to every passed apprentice, the Government desire to emphasise the opportunities of employment which exist for those apprentices who give satisfaction;”

and taking into consideration the appreciation of His Excellency Lord Willingdon in January 1934 that these shipping companies have made the scheme of Training Ship a success, it is rather sad to reflect that the attitude which these non-Indian Shipping Companies have adopted and the manner in which they are not implementing their assurances

and undertakings, have shaken the faith and confidence of the public in the assurance that there will be reasonable chances of employment for the cadets of the Training Ship "Dufferin" when they are duly qualified.

My Committee would like further to observe that whenever questions were put in the Legislative Assembly requesting the Government to take action by law for finding employment on the lines recommended by the Indian Mercantile Marine Committee, the Commerce Member told them that everything was O.K. and that the need for legislation had not arisen. Even last March, the Commerce Member stated in the Legislative Assembly :

"In this connection, the Government of India will take steps to impress on all shipping companies, whether British or Indian, engaged in the coastal trade, the importance of employing duly qualified Indian officers in adequate numbers."

My Committee would like to draw your attention to the words "in adequate numbers" and leave it to you to judge whether the employment of four cadets as Officers by the British India Steam Navigation Co., Ltd., with its very large fleet is an employment of these cadets as Officers in adequate numbers, as the Government desire.

I am desired by my Committee to convey to Government the general impression in the minds of the business community, that non-Indian shipping concerns have been unduly favoured at the expense of the taxpayer. Thus, when the mail contract was renewed with Messrs. The British India Steam Navigation Co. in 1932, for a very long period and the remuneration fixed on the basis of the then ruling high prices, this Chamber protested. The passage of time has shown how the taxpayer has been made to pay heavily. In other ways also, the British India Steam Navigation Co., the P. & O. Steam Navigation Co. and other Companies are getting favours from the Authorities and public departments. From this point of view, the disregard of their elementary

obligation in spite of the Government of India and Provincial Governments' obvious anxiety to see these cadets employed and to see that the scheme of the Training Ship is successful, seems most extraordinary.

The Hon'ble Sir Frank Noyce stated in the Legislative Assembly on the 29th March 1935 that if any necessity arose, the Government would attach conditions as regards the training and employment of Indians as apprentices and officers on board the steamers of the Companies to which they were giving annual subsidies for the carriage of mails. In view of the growing uncertainty of the employment of cadets as Officers in the future and having regard to the non-Indian shipping companies having failed to implement their promises as regards employing these cadets as Officers, my Committee would strongly urge upon the Government of India the necessity of taking immediate steps to attach conditions as regards the employment of these cadets as Officers by the British India and P. & O. Steam Navigation Companies "in adequate numbers", especially as they have been getting large amounts by way of subsidies from the Government of India.

My Committee take a serious view of this matter and hold that unless effective and immediate steps are taken to restore the confidence in the minds of the public that cadets of the Training Ship "Dufferin," when fully qualified, will have reasonable chances of employment, the object for which the Training Ship has been founded will be defeated and an Indian Personnel for a sea career will not come into existence. My Committee would like to recall the definite assurances given by people in high authority at the time the Training Ship came into existence that in case these cadets did not find employment as Officers, steps would be taken by law to create such conditions as would enable them to have reasonable chances for securing such employment. My Committee would, therefore, submit that in view of the growing uncertainty of these cadets now finding employment, the Government should lose no further time in

taking effective steps in this direction according to the assurances given by them in the past and thus restore the confidence that is being lost and to do all they can to make the Training Ship a success.

APPENDIX 4

Port Sanitary Administration

Letter No. 10/B dated 18th December 1934 from Government of Bombay, General Department, to Chamber.

I am directed by the Governor in Council to forward herewith a copy of Government Resolution No. 10, dated the 10th December 1934, and to request that the views of your Chamber on the points raised by the Government of India in connection with the scheme for Port Sanitary Administration in India and on the provisions of the Draft Bill forwarded by them, so far as they concern your Chamber, may be communicated to Government at an early date.

Port Health.

Scheme for Port Sanitary Administration in India.

GOVERNMENT OF BOMBAY.

GENERAL DEPARTMENT.

Bombay Castle, 10th December 1934.

Letter from the Government of India, Department of Education, Health and Lands, No. F. 13/32-G, dated the 25th October/15th November 1934 :—

“I am directed to refer to Mr. Bajpai’s letter* No. 1305-H, dated the 31st August 1927, to maritime local

*Printed in the preamble of Government Resolution, General Department, No. 10, dated 23rd September 1927.

Governments and to say that the replies received indicate a fairly general agreement that the solution of the question of Port Sanitary Administration in India may best be sought by the adoption of methods similar to those in force in the United Kingdom, i.e., by the institution in the larger sea-ports of Port Sanitary Authorities which will be responsible to the Central Government for carrying out its international obligations in those ports as well as for improving their general sanitation. On receipt of the replies, the position was reviewed in the light of the information available as to 'quarantine' administration in other countries and a note ** (copy enclosed) detailing the previous history of the case and setting forth in some detail a scheme for the constitution and finance of Port Sanitary Authorities in the principal ports in India was prepared by Mr. H. B. Clayton, C.I.E. I.C.S., and circulated to the maritime local Governments and the proposals made therein were subsequently discussed by Mr. Clayton with the representatives of those Governments as well as with those of the Port Trusts and municipalities concerned during his tour in January 1931. These discussions showed that one statement made in the note is inaccurate, namely that 'in the United Kingdom the only contribution made by the Central Government towards the expenses of Port Sanitary Authorities is to the extent of half the pay of the Port Health Officer'. This statement was a correct statement of the facts as they existed upto 1919 but since 1920 the Government grant to Port Sanitary Authorities in England has been increased to an amount not exceeding half the approved net expenditure though Government reserve the right to withhold the grant in the case of inefficient administration and appear not infrequently to exercise that right.

"2. The chief point, however, in respect of which the scheme outlined in Mr. Clayton's note was subjected to criticism, was the proposal to give Port Sanitary Authorities in India jurisdiction over a limited land area in the vicinity of the

**Printed as an accompaniment to this Resolution.

waters of the ports. It was suggested that in England Port Sanitary Authorities are only concerned with shipping and have nothing to do with the health conditions of the land area in ports and that therefore the proposal to give such authorities any jurisdiction over such land areas in India was a departure from the English precedent. This criticism does not appear to be warranted by the facts. Section 288 of the Public Health Act 1875 (38-39 Victoria) states 'the order constituting a Port Sanitary Authority shall be deemed to give such authority jurisdiction over all waters within the limits of such port and also over the whole or such portions of the district within the jurisdiction of any riparian authority as may be specified in the order.' The legal position is thus beyond doubt and from the English Public Health Reports, it is clear that the Port Sanitary Authorities there actually do exercise certain powers on shore. Thus the Public Health Report for 1926-27 in giving the details of the work of the Port Sanitary Authorities in all the principal ports of the British Isles shows the number of rats destroyed on shore, in docks, quays and warehouses as distinct from those destroyed on ships. In a paper published in the British Medical Journal in August 1922, Dr. R. S. Reece writes, 'when dealing with the local sanitation of harbours, waterways, docks and other shore premises within their jurisdiction, Port Sanitary Authorities are hampered by lack of adequate powers to deal with accumulations of refuse, scavenging and like matters. From a public health point of view there would be advantage in investing these authorities with wider powers than they now possess in regard to such matters'. It is clear from this that while Port Sanitary Authorities in England do possess jurisdiction over certain areas of the shore, that jurisdiction is ordinarily limited in extent and other local authorities possess, concurrently with them, sanitary jurisdiction within the same area. This more or less corresponds to the position outlined in Mr. Clayton's note, which, however, suggests that a much less wide discretion as to the grant of powers to Port Sanitary Authorities should be

vested in the Central Government in India than is vested in the Board of Health in England. It is true that it has been proposed that outside the area of their immediate jurisdiction, Port Sanitary Authorities in India should be given authority to bring to the notice of the proper local authority any sanitary defect which may affect the health and sanitation of the port area, but the only *power* that it is proposed to give them with this object is that of deputing the Port Health Officer to make an inspection and report on any such conditions. While this is admittedly in excess of the powers granted to similar authorities in England, it can hardly be considered objectionable, as similar powers are already ordinarily possessed by the provincial Governments and the action taken by the Port Sanitary Authorities in such cases can have no effect if it is not ultimately supported by the provincial Governments.

“ 3. There are, however, other details in which it appears desirable to revise and supplement the proposals made in Mr. Clayton's note. These may be specified briefly as follows :—

(a) In paragraph 3 (c) of the note dealing with the Port Health Officer, it is stated: ‘He will be responsible for executing direct the orders of the Government of India as to quarantine rules and in this respect at least he will not be subordinate to the Port Sanitary Authority.’ At several of the meetings it was suggested that this proposal required revision and it is now proposed that in this respect too, the Port Sanitary Authority, the latter being directed by the Act to carry out the regulations issued by the Central Government.

(b) The position of Aden is so peculiar that it can reasonably be treated on different lines from other major ports. The control of the Aden Settlement and of the Port is vested in two bodies whose executive head is a single officer appointed by Government, so that there is

no danger of lack of co-ordination between land and shore Authorities and therefore no strong case for the constitution of a Port Sanitary Authority. It is proposed, therefore, for the present at least not to constitute a Port Sanitary Authority at Aden but to do so at the other major ports in India after the necessary legislation has been passed.

(c) It was suggested in paragraph 3 (d) of Mr. Clayton's note that in view of the volume of overseas traffic touching at them there was a strong case for the constitution of Port Sanitary Authorities in six or seven ports in the Madras Presidency other than Madras, as well as in two or three ports other than Rangoon in Burma. At the meeting in Madras it was pointed out that in most of the ports concerned the shipping lies in an open roadstead and passengers and goods are landed or embarked by means of lighters and that therefore there was no great need for measures to correlate port and shore sanitation. The Government of India propose to accept this view. In any case where shipping lies against docks or wharves, the position is different and in such cases, particularly where Port Trusts exist, the constitution of Port Sanitary Authorities may be considered. In other cases, where no Port Sanitary Authority is established, it will be adequate for the Government of India to provide for the pay of either a whole time or a part time Port Health Officer. This is the arrangement in force at present in most of these ports but in certain of them at present the Government of India are paying for nurses, drivers, firemen, sweepers, boatmen and peons. For the reasons stated elsewhere in this letter, I am to say that the Government of India are of opinion that the cost of such staff, when necessary, should, where no Port Sanitary Authority exists, be met from provincial or municipal sources. Where the importance of a port is not adequate to justify the establishment of a Port Sanitary Authority or the entertainment of a

whole or part time Port Health Officer, the Government of India will arrange to discharge its obligations through its Customs or other staff and in such minor ports all other sanitary measures will be carried out by the local authorities at their own cost.

(d) The question has been raised as to whether Port Sanitary Authorities in India should also be entrusted with the function of carrying out inspection of ships for general sanitary purposes, as is the practice obtaining in England. At present, no inspection of ships for general sanitary purposes is carried out at Indian ports, as a matter of routine, though Port Health Officers are responsible for all measures in connection with infectious or contagious diseases and the Mercantile Marine Department Surveyors for seeing that the cubic capacity and floor areas are adequate and that the ship is properly constructed as regards ventilation, lighting, water-supply, etc., and except in such special cases as those of pilgrim ships, there is little, if any, inspection as to general cleanliness, the efficiency of sanitary fittings, quality of water-supply, etc. This work is done in England by the sanitary staff of the Port Sanitary Authorities, and it would seem desirable that these functions should be assigned to Port Sanitary Authorities in India.

“ 4. On the question of finance it was urged in the replies of the provincial Governments that as port quarantine comes under the jurisdiction of the Government of India under the Devolution Rules, that Government should bear the whole cost not only of the Port Sanitary Authorities, where constituted, but also of all measures included in ‘Port Quarantine’ elsewhere. In this connection I am to say that it appears clear that the intention of the Rules is that the Central Government should be responsible for the sanitary control of traffic between India and countries overseas and not for that of local provincial or inter-provincial traffic, even if it be by sea. It has never been suggested that it has any responsibility in respect of such

traffic by land. It is probable that the traffic entering and leaving the major sea-ports by land and by inland and costal waterways is not only many times as great as the traffic between those ports and overseas ports but also much more liable; owing to the absence of medical examination, as well as for other reasons, to carry infectious disease. The responsibility for the prevention and control of the spread of infectious disease is, in most cases, recognised by law as a municipal responsibility and it is believed that, of the cases of infectious disease which occur from year to year in the major ports of India, considerably less than one per cent arise in connection with overseas traffic. The Port Sanitary Authorities as proposed will, however, not only be responsible for the general sanitation of the area in their charge which is almost purely a provincial liability but also for the control of infectious disease occurring within that area whatever its origin. The Government of India, therefore, believe that by contributing half the cost of Port Sanitary Authorities in the major ports and paying the salary of a part-time or whole-time Health Officer in other ports, where such appointments may be necessary and at the same time refraining from the imposition of any special levy on shipping to meet the cost involved, they will be offering a generous solution of the financial question. The existence of a similar arrangement in the *United Kingdom* supports this position. Where *Port Trusts* exist they may equitably be called upon to contribute from their general revenues, which are derived from shipping, a moiety of the cost of the Port Sanitary Authorities. In most cases they are already actually making a contribution to this extent towards the expenses of port sanitary administration.

“ 5. As a result of Mr. Clayton's discussions with the maritime Governments and the representatives of other bodies interested certain principles were more or less generally accepted. It is understood, however, that there is a general desire on the part of those Governments, particularly in view of the constitutional developments which are taking place in India, to be given a further opportunity to revise

their views if necessary. With this object a rough draft Bill* which may conveniently form the basis of discussion has been prepared and a copy is forwarded herewith. No attempt has been made to put it into exact legal shape, but with the notes attached to it, it should be adequate to show what exactly is intended. I am to request that the Government of India may be furnished with an expression of the views of the Government of Bombay after consulting such parties as in the opinion of the local Government may be interested in the matter.

The Government of India would also be glad to receive the advice of the local Government with regard to the probable cost of introducing the proposed arrangements so far as ports in the Bombay Presidency are concerned."

RESOLUTION.—Copies of the letter from the Government of India, and of its accompaniments, should be forwarded to the Surgeon General with the Government of Bombay, the Director of Public Health for the Government of Bombay, the Commissioner in Sind, the Municipal Commissioner for the City of Bombay, the Port Health Officer, Bombay, the Chambers of Commerce, Bombay and Karachi, the Indian Merchants' Chamber, Bombay, the Chairman, Bombay Port Trust, the Principal Officer, Mercantile Marine Department, Bombay District, and the Collector of Salt Revenue, Bombay, for remarks on the points raised in the latter and on the draft Bill accompanying it. The Commissioner in Sind should be requested to forward his reply after consulting the Port Health Officer, Karachi, and the Principal Officer, Mercantile Marine Department, Karachi District, as also the Karachi Port Trust, the Karachi Municipal Corporation and such other bodies as may be interested in the question. The Director of Public Health and the Port Health Officer, Bombay, should be requested to submit their remarks to Government through the Surgeon General, who should also supply Government with an estimate of the probable cost of intro-

*Printed as an accompaniment to this Resolution.

ducing the proposed arrangements, so far as ports in the Bombay Presidency are concerned.

By order of the Governor in Council.

H. F. KNIGHT,
Secretary to Government.

G. R. No. 10 G. D. dated the 10th December 1934.

Accompaniment to Government Resolution, General Department, No. 10, dated the 10th December 1934.

Enclosure No. I.

NOTE ON PORT HEALTH ADMINISTRATION

Under the Devolution Rules of 1920, "Port Quarantine and Marine Hospitals" are a central subject while "Public Health and Sanitation" are provincial, but "subject to legislation by the Indian Legislature in respect to infectious and contagious diseases to such an extent as may be declared by any Act of the Indian Legislature." The constitutional position in most federal countries is similar and the Statutory Commission has not suggested that any change should be made in India. Various attempts have been made to define the exact implications of the word "Quarantine" but they have not been very successful. In Australia, for example, where a statutory definition was included in section 4 of the Quarantine Act of 1908, and was found necessary to redraft that section both in 1912 and again in 1915, 1920 and 1924, and the wording of the present section is so involved as to be of little assistance. It is not proposed here to attempt to evolve a satisfactory definition. It is sufficient to say that it is generally agreed that quarantine, in its wider sense at least, cannot be held to be confined to preventive measures taken at the ship's side only and that the jurisdiction of the quarantine

authority must to some extent overlap that of the local sanitary authority. For example, measures for the destruction of rats and mosquitoes in the vicinity of ports are the concern of both these authorities. Similarly under Article 51 of the International Sanitary Convention of 1926, which has been signed on its behalf but not ratified by it, the Government of India must accept responsibility for seeing that there is provided in large sea-ports:—

(a) An organised medical service, and permanent medical supervision of the health condition of crews and of the population of the port.

(b) An equipment for the transport of the sick and suitable accommodation for their isolation, and for keeping suspected persons under observation.

(c) Installations necessary for efficient disinfection and disinsectisation; a bacteriological laboratory, and arrangements to permit immediate vaccination against small-pox or other diseases.

(d) A supply of drinking water of quality above suspicion at the disposal of the port, and a system as effective as possible for the removal of excrement, refuse and sewage.

(e) A competent and adequate staff and necessary equipment for the deratisation of ships, shipyards, docks and warehouses.

(f) A permanent organisation for the trapping and examination of rodents.

Similar, though less extensive, provisions were included in Article 36 of the Convention of 1903 which the Government of India did ratify and by which it is still bound, unless and until it ratifies the Convention of 1926. Further the responsibilities of the Central Government cannot now

be held to be confined to marine ports but must extend to air "ports" also. It is universally accepted that no Central Government can divest itself, by delegation or otherwise, of the ultimate power to control quarantine measures, as such action, besides being out of accord with its international obligations, would inevitably lead to inequality of treatment, which would not only affect the financial interests of different ports unfairly but might also be a menace to the general health of the country as a whole. There are, however, very considerable differences in the systems adopted by various countries for administering quarantine, the main reason for these differences lying in the extent to which attempt is made to associate the quarantine staff with the bodies responsible for public health and sanitation in the vicinity of the ports. Thus there are two principal types (1) the American system, under which all quarantine measures are carried out by a staff appointed by and exclusively subordinate to the Central Federal authority, and having no official liaison whatever with the sanitary authorities of the land area, surrounding the port, and (2) the English system whereby the Port Health Officer, while directly responsible to the central authority for the execution of "quarantine" measures, is also the executive officer of the Port Sanitary Authority—a body specially constituted with the object of improving the sanitary conditions of the port and its surroundings and composed of representatives of local municipal, or other bodies.

2. The present system of Port Health administration in India has long since been recognised to be in need of revision on modern lines. At present Port Health Officers are appointed even in the major ports by the local Governments (*see* section 17 of the Indian Ports Act) and their position is unsatisfactory not only in so far as they have no connection with shore sanitation, but in that even their powers within the water area of the port itself, e.g., in respect of the prevention of nuisances and the destruction of unwholesome food, etc., are inadequate. As long ago as in 1917, Colonel Clemesha, Sanitary Commissioner

with the Government of India, pointed this out and suggested the formation of Port Sanitary Authorities on English lines. A reference was made to maritime Governments in August 1917 asking their opinion on this proposal and subsequently, at the suggestion of the Government of Bombay, it was decided that Messrs. Cadell, Hatch and Colonel Clemesha, while on leave in England, should report on the practice prevalent there and Colonel Clemesha should be deputed to the United States of America with a similar object. Both reports, when received, recommended the establishment of Port Sanitary Authorities on English lines in India. In his report on his enquiries in the United States of America, Colonel Clemesha, while admitting that the American system of port quarantine is suitable for that country in so far as concerns its main object, e.g., the prevention of the spread northwards of Yellow Fever and other infectious diseases prevalent in South America, disapproves of its adoption in India on two main grounds—firstly, that it divests the Port Health Officer of all interest in the sanitation of docks, wharves and other areas surrounding the port, and secondly, that it is very expensive. In the meanwhile the need for improvement in the sanitary control of the surroundings of ports in India was becoming widely recognised and in 1919 the Bengal Government submitted for the approval of the Government of India its Calcutta Port Sanitation Bill of 1919, the main provision of which was the establishment of a Board of Health for the Port of Calcutta, with jurisdiction over certain areas outside the limits of the port proper, while one of the principal recommendations of the Yellow Fever Committee which sat about the same time was the appointment of Sanitary Authorities at each port. On receipt of the three reports referred to, the Government of India sent copies to the maritime Governments asking their opinion on the question of “the method whereby co-ordination and uniformity of effort may be established between the authority charged with sanitary measures in the immediate port area and the local body or bodies which deal with this subject in the surrounding area” The replies of,

the maritime Governments were generally to the effect that they approved of the proposal for the establishment of Port Sanitary Authorities, though in the case of some ports they did not consider that the time was "ripe for such action. Meanwhile the whole question of the future administration of ports and shipping came under consideration and it was decided to convene a conference of the representatives of local Governments and Port Trusts to discuss the matter. This conference met at Delhi on November 13—14, 1924. When the subject of Port Sanitation came up for consideration, the representatives of the Port Trusts present, after discussion among themselves, came forward with an agreed proposal for the constitution of Port Sanitary Authorities in order to co-ordinate the work of the Central Government and the local authorities. According to this scheme the Port Health Officers were to be the Sanitary Officers of the Port Sanitary Authorities; the jurisdiction of these bodies was to be upto the "Customs limit" on land as well as everything on water, and the cost was to be divided, the Port Trusts contributing half, the local Government one quarter and the Central Government one quarter, of the total expenditure. Sir Geoffrey Corbett subsequently visited certain major ports and consulted the local Governments and Port Trusts, with the result that their approval of the main features of the scheme for the constitution of Port Sanitary Authorities suggested at Delhi was confirmed with certain modifications. Subsequently on the 31st August 1927, the Government of India addressed a letter No. 3105-H to the maritime Governments asking for detailed proposals on the question of port quarantine. The general purport of the replies received was more or less on the lines suggested at the Delhi Conference, viz., that Port Sanitary Authorities should be constituted by an Act of the Central Legislature, that they should have some territorial jurisdiction besides the water area and that the Port Health Officer should be their Chief Executive Officer. In several replies, however, it was pointed out that as matters stand at present, the financial responsibility for port quarantine legally rests on the Government of India

and it was therefore argued that the Central Government should provide the whole cost of the Port Sanitary Authorities.

3. It will be seen that a substantial measure of agreement has already been obtained to the effect that India should follow the English rather than the American system. It must be admitted that, if these Port Sanitary Authorities are under the control of the Government of India, the inauguration of complete provincial autonomy may give rise to difficulties which could be avoided by the adoption of a system analogous to the American system, in which case the Port Health Officer would be a purely centrally controlled quarantine officer with no jurisdiction beyond the water area of the port and the establishment of Port Sanitary Authorities to co-ordinate local sanitary effort would be left to the local Governments. Liaison could be sought by appointing the Port Health Officer a member of the Port Sanitary Authority, as he could hardly in these circumstances be its sanitary officer. This scheme must still be considered a possibility as a last resort, though there is reason to believe that it would suffer from the defects found by Colonel Clemesha and others to be inherent in the American system, i.e., want of correlation between the authorities responsible for the water and land areas and duplication of expense. Instead of it a scheme on the following lines is suggested for consideration :—

(a) *Limit of the sanitary jurisdiction of the Central Government in ports.*—Section 4 (3) of the Indian Ports Act lays down that ports “may include any piers, jetties, landing-places, wharves, quays, docks and other works made on behalf of the public for convenience of traffic, for safety of vessels, or for the improvement, maintenance or good government of the port and its approaches, whether within or without high-water-mark, and, subject to any rights of private property therein any portion of the shore or land within fifty yards of high-water-mark,”

The actual limits of the ports of Calcutta, Rangoon and Madras have been notified as including the shore within 50 yards of high-water-mark and in certain cases at least portions of the dock areas are included. It was suggested by Mr. Cadell at the Conference in 1924 that, for sanitary purposes, the jurisdiction of the Central Government should be confined to the boundary between the land and the sea, i.e., high-water-mark. This suggestion had at least the merit of simplicity. But it is now more or less generally recognised that, if its jurisdiction did not extend beyond the water, the Central Government would hardly be in a position to comply with its international obligations. On the other hand, the further its jurisdiction extends on land the more likely there is to be opposition from local bodies, as well as possibility of conflict between the jurisdiction of the Central and Provincial Governments. In the replies to the Government of India's letter, several Governments have suggested the "Customs limit" as the boundary, meaning thereby apparently not the boundary of the port as notified under the Customs Act (Act VIII. of 1878), but the actual boundary between the harbour and the city which is policed by the Customs' authorities. The circumstances differ in different ports, but it is obviously very undesirable that for sanitary purposes the boundary should be ill-defined as it would be if it were to extend 50 yards above high-water-mark. It appears best, therefore, that where there are no docks or wharves, the limit should be high water-mark, but that such docks and wharves and their approaches as may actually be held to form an integral part of the "port" should be included. It is to be noted that the Port Trusts of Calcutta and Bombay already entertain certain sanitary staff to deal with the conservancy of their principal deck areas, though the local municipalities have not surrendered their jurisdiction over these. The same is possibly the case in other major ports. It is not proposed to remove from the jurisdiction of the local municipalities the land area which it is proposed to include within the sanitary jurisdiction of the Central Government. The latter will ordinarily exercise merely super-

visory powers even within this area and allow executive action to be carried out by the staff of the local bodies concerned, which should still be financially responsible for all such operations. Subject to this proviso it will be competent for the Central Government to order any branch of sanitation within this area, e.g., the trapping of rats or anti-mosquito measures, to be taken over by its executive from the local authority primarily responsible, and for this purpose it could operate either through its own officer, i.e., the Port Health Officer, or through the Port Sanitary Authority acting in conjunction with him. On the whole the latter course is perhaps preferable, as it would give the Port Sanitary Authority a definite responsibility in respect of the sanitation of a particular area; but the point is still open to discussion.

(b) *Constitution of Port Sanitary Authorities.*—The Port Sanitary Authorities will be constituted by an Act of the Central Legislature and will be composed of representatives of (a) the Government of India, (b) the local Governments, (c) Port Trusts and (d) Municipalities or local bodies. The Madras Government has suggested that commercial interests should also be represented, but ordinarily the local Chambers of Commerce are already represented on the Port Trusts and Municipalities and it appears unnecessary to give them further separate representation. The total number should be small—not more than ten or twelve at the most; and in order to secure co-operation with local bodies, it appears desirable that there should be no more official members than are absolutely necessary to represent the views of the various interests concerned and supply any technical advice that may be required. The Port Health Officer will be the Port Sanitary Authority's chief technical adviser. Its field of activity will be confined to the following subjects:—(1) Drainage and public nuisances, (2) water-supply, (3) scavenging, (4) reclamation of unhealthy localities, (5) measures for the prevention and checking of dangerous and infectious diseases, and (6) any other matters which in the opinion of the Government of

India are likely to affect the health and sanitation of the port. This latter cause is necessary to cover such cases as overcrowding or in the words of Article 53 of the Convention of 1926 "sanitary conditions so bad as to be likely to facilitate the spread of disease." If, however, the Port Sanitary Authorities are to be of any real use in co-ordinating the sanitary activities of the various bodies surrounding the port, it is necessary that they should have a wider jurisdiction than that suggested in paragraph (a) above. It should therefore be prescribed as one of their duties to bring to the notice of local sanitary authorities, i.e., Municipalities and Local Boards, and when necessary to that of the local Government, any measures necessary for the amelioration of local sanitary conditions which in their opinion might have an effect on the health of the port. The area of their jurisdiction for this purpose should be defined by notification in each case so as to include all land or water forming part of the geographical environs of the port. The local Governments already possess, in most cases, adequate powers to control municipalities, etc., [*cf.* City of Bombay Municipal Act (Bombay Act III of 1888), sections 518 to 520, and Calcutta Municipal Act (Bengal Act 3 of 1923), sections 16-18]. In any case where they do not possess such powers they could easily acquire them by legislation on existing lines. At present they are not ordinarily in a position to make full use of these powers as such action would be liable to be resented as arbitrary, but they would be in a much stronger position and could hardly hesitate to take action, if supported by a request from a responsible and representative body such as the Port Sanitary Authority. In ordinary cases, however, it is probable that the executive of the municipalities and local boards concerned would do their best to effect the necessary improvements on the representations of the Port Health Officer in his capacity as technical adviser to the Port Sanitary Authority without any necessity for recourse to the emergency powers of the local Government. In the last resort appeal could be made to the Central Government, as Rule 49 of the Devolution Rules would allow the powers

of the Governor General in Council for the "superintendence, direction and control" of the activities of the local Government to come into operation "to safeguard the administration of a central subject." But such cases, it is hoped, would be extremely rare. In order to enable him to take action, the Port Health Officer should possess powers of inspection similar to those specified in section 16 of the Calcutta Port Sanitation Bill. It appears advisable that Port Sanitary Authorities should be constituted at all major ports, e.g., even at Aden, Karachi and Rangoon where at present there may appear to be no great need for them. This would have the advantage of uniformity and would differentiate the sphere of control of the Central Government from that of the local Government. It should be prescribed that Port Sanitary Authorities should meet at least once a month and at any time on the requisition of the Port Health Officer or any two members. For the present Port Sanitary Authorities even in major ports will be managed by the local Governments as agents of the Government of India. When the control of the major ports is centralised, it will probably be necessary to centralise the administration of their Port Sanitary Authorities also; and in any case, with the introduction of provincial autonomy it will presumably be necessary to do away with "agency" management; but, though suggestions on this point would be welcome, it will be proper to reserve it for reconsideration, when the exact future constitution is fixed. The Central Government must in any case retain authority to issue orders direct to Port Health Officers, whether in major or minor ports, in matters which concern its international responsibilities and also to inspect the administration through its Public Health Commissioner and his staff.

(c) *Port Health Officers.*—The Port Health Officer in all major ports, and wherever a whole-time officer is appointed, should be appointed by the Government of India. He will be responsible for executing direct the orders of the Government of India as to quarantine rules and in this respect at least he will not be subordinate to the Port Sanitary

Authority. It would be possible, as already suggested, to give him independent sanitary powers also in respect of the area immediately surrounding the port where the Central Government is to have sanitary jurisdiction and to give the Port Sanitary Authorities jurisdiction only as to the further area comprising the "geographical" port referred to in paragraph 3 (b) above. In this case it would probably be best to make the Port Health Officer a member rather than the executive health officer of the Port Sanitary Authority. It is, however, possibly better to adopt the other alternative and give the Port Sanitary Authority jurisdiction over the whole area within the sanitary jurisdiction of the Government of India, with the Port Health Officer as its executive officer. This would make it easy to give the Port Health Officer statutory powers of inspection throughout the wider area of the jurisdiction of the Port Sanitary Authorities. In either case he should be given the power to order the detention of unwholesome food found within the limits of the port pending its disposal by the competent authority, and also to take action for the abatement of nuisances within that area.

(d) *Minor Ports*.—The international responsibilities of the Central Government relate in the main to major ports. Under Article 50 of the Convention of 1926, it has to provide on each of its sea boards at least one port fully equipped to deal with all vessels, and it is also stated that "all large sea-ports should be so equipped that healthy ships at any rate may not have to be sent to another port: but it has some responsibility in all ports which are open to overseas shipping. The figures given in the last reports from the local Governments show that the volume of overseas shipping is at certain ports, which are not major ports, very considerable. This is particularly the case in Madras, where, if the figures given really relate only to overseas shipping, there are seven ports at which, on the average of the four years from 1924-27, more than 60 overseas ships having a tonnage of over 200,000 tons touch every year (*viz.*, Cocanada, Cuddalore, Port Novo, Negapatam, Tuticorin, Cochin

and Calicut). In two of these, Cuddalore and Negapatam, the figures for 1926-27 are over 130 ships of a tonnage of nearly half a million. The corresponding figures of Chittagong are on the average about 50 ships and 150,000 tons: while of other minor ports, the busiest appears to be Victoria Point (Burma) with an average of about 50 ships and a tonnage of less than 50,000 a year and Moulmein and Bassein with somewhat similar figures. The constitution of Port Sanitary Authorities at such ports as these appear to be desirable. As these ports will remain under the control of the local Government unless and until they become major ports, the control of their Port Sanitary Authorities should presumably remain with the local Governments, though all appointments to the office of Port Health Officer should be subject to the approval of the Government of India. This, however, is a question which should presumably await the determination of the future constitution. Where the importance of a port is not adequate to justify the establishment of a Port Sanitary Authority, it is suggested that the Government of India should arrange to discharge its international obligations through its Customs' staff, the Customs officer being authorised, if necessary, for the discharge of those obligations to engage a local qualified medical officer to inspect and pass orders as to any ship on payment of a special fee which may, in certain circumstances, be recovered from the captain of the ship concerned. All other sanitary measures in such minor ports will be carried out by the local authorities at their own cost.

- (e) *Legislation necessary*.—If these proposals are approved, it will be necessary to pass an Act of the Central Legislature authorising the creation of Port Sanitary Authorities and the appointment of Port Health Officers, where necessary, prescribing the powers and duties of Port Sanitary Authorities, Port Health Officers and Customs Officers, where no Port Health Officer exists, on the lines suggested and authorising the Central Government to make rules for the guidance of Port Health Officers, etc. Clause (p) of section 6, sub-section (1) and section 17 of the Indian Ports Act

(XV of 1908) will be repealed and corresponding provisions with any necessary alterations inserted in the new Act.

(f) *Finance of the Port Sanitary Authorities.*—In the United Kingdom the only contribution made by the Central Government to the expense of Port Sanitary Authorities is to the extent of half the pay of the Port Health Officer. The contribution is even less than this in many ports, particularly the Scottish ports, and in the case of the Port of London Sanitary Authority, there is no contribution at all. At present there is no uniformity of practice in India. Pending the settlement of the question, the Government of India have been contributing the whole cost claimed as the cost of port quarantine even in minor ports in Madras, half the cost in the ports of Calcutta and Chittagong, one quarter of the cost in the major ports within the jurisdiction of Bombay and nothing in the case of Rangoon or in the case of any minor port save those in the Madras Presidency. In most of the major ports the Port Trusts themselves have been contributing half the cost and the replies show that they are still generally prepared to do so. At the Port Trust Conference held in Delhi in November 1924, it was suggested and approved with few dissentients that the contribution of the Central Government to the cost of the Port Sanitary Authorities, when constituted, should be confined to one-fourth, and subsequently when Sir Geoffrey Corbett personally consulted the Port Trusts and local Governments, this arrangement met with general approval. It is suggested, however, that the Government of India should, in view of the large revenues they derive through the ports, recognise that a certain measure of generosity is appropriate, and, in order to facilitate the introduction of a uniform system, assume statutory liability to contribute half the cost of the Port Sanitary Authorities, wherever constituted. This arrangement, if approved, will relieve the local Governments of all contributions towards port sanitation at least in respect of major ports, where the Port Trusts will find the other half. In the replies of certain of the local Governments, it has been urged that, as Port

Quarantine comes under the jurisdiction of the Government of India under the Devolution Rules, that Government should bear the whole cost of the Port Sanitary Authorities. From a strictly legal point of view this contention may be accurate, but it must be remembered that the Central Government is entitled to reimburse itself by a special general levy on shipping. There is general agreement that any such additional impost on shipping is undesirable. On the other hand, to use the phraseology adopted in the Burma Government's letter No. 329-N.-23, of the 10th October 1923, "efficiency of the quarantine arrangements for loading and unloading cargoes and for the safe berthing of vessels which visit the port and both are of interest to the province which the port serves." In other words it is equitable that there should be some local contribution towards expenses incurred on account of sanitary measures necessitated by calls at a port of overseas shipping, and this is particularly the case if, in deference to the wishes of the authorities concerned, the Government of India abstain from making any recovery from such shipping on this account. There is the further point that the control of the funds available will partly at least be exercised by the Port Sanitary Authorities which will be composed chiefly of representatives of local bodies. Again, if the Port Sanitary Authorities were financed entirely by the Central Government and had no personal interest in the amount of expenditure they incurred, their budgets would have to be scrutinized much more carefully than if half their revenues were derived from local sources. The compromise by which the Government of India will pay half the cost of Port Sanitary Authorities both in major and in minor ports appears therefore both equitable and desirable. The salary of the Port Health Officer will be debited to the budget of the Port Sanitary Authority. Where there are no Port Trusts and it is necessary to establish Port Sanitary Authorities, it will not be unreasonable for local bodies or even local Governments to be called upon to make a contribution. It is to be noted that, from the replies received to the Government of India's letter of the 21st August 1927,

it appears that there is considerable divergence in various major and minor ports as to the measures at present undertaken in the name of quarantine. For instance, in the Port of Rangoon a considerable part of the expenditure is incurred upon the treatment of plague cases occurring in inter-provincial traffic, whereas in other major ports such plague cases are normally dealt with by the Municipalities or other local bodies concerned. The fact is no doubt due to the peculiar position of Burma. *Prima facie* it seems appropriate that the cost of the existing plague arrangements in Rangoon should be so divided as to throw upon the Port Sanitary Authority only its legitimate share of expense, the remaining cost being borne by the Government of Burma as at present. Further, while it is not proposed to introduce any new general impost on shipping, it is perfectly equitable that fees should be charged for such services as deratisation and the grant of deratisation exemption certificates and that they should be fixed at a rate approximately adequate to cover the cost of the plant, materials and staff required. This does not appear to be the case at present. The levy of such fees is contemplated by Article 55 of the Convention of 1926, the only proviso being that they shall be the same for the ships of all nations. The possibility of the introduction of a uniform tariff in all Indian ports may be considered later, though this is possibly not compulsory under the Article referred to. If considered necessary, the Port Sanitation Act will contain provisions authorising the introduction of such a tariff, as well as the levy of charges to cover the cost of the segregation and treatment of persons removed from vessels suffering from infectious diseases and contacts, though no charge need in practice be made on the latter account so long as such cases are treated free in the local infectious diseases' hospitals.

NEW DELHI:

H. B. CLAYTON.

The 2nd December 1930.

Enclosure No. II.

DRAFT BILL

Preamble. WHEREAS it is desirable to amend the law and procedure relating to the sanitary administration of ports and the measures necessary for the prevention of the import and export of dangerous, infectious and contagious disease by sea.

1. (a) This Act may be called the Indian Ports Sanitation Act, 193 .

(b) It shall extend to such areas as may from time to time be notified by the Governor General in Council in this behalf and shall come into force on

2. In this Act, unless there is anything repugnant in the subject or context, "master" means, subject to the provisions of any other enactment for the time being in force, any person (except a pilot or harbour-master) having for the time being the charge or control of the vessel.

A "port" is to be interpreted in accordance with the provisions of sections 3 (4), 4 and 5 of the Indian Ports Act, 1908.

"Vessel" includes anything made for the conveyance by water of human beings or property.

"Health Officer" means any person appointed by Government, either by name or by virtue of his office, to be Health Officer of a port, and includes an Additional or Assistant Port Health Officer, and any officer appointed by Government, either by name or by virtue of his office to perform any of the duties of a Health Officer of a port.

3. On this Act coming into force the enactments mentioned in the schedule* are hereby repealed to the extent specified in the fourth column of that schedule.

4. (1) The Governor General in Council may make rules and regulations—

(a) for the disposal of the dead on any vessel arriving at or being in any port;

(b) for the sanitary conditions to be observed by all such vessels including general cleanliness, the efficiency of the sanitary fittings, the condition of the bilges and bilge-water, the conditions of the crews quarters with regard to cleanliness [so far as these matters be not dealt with in section 6 (g) Indian Ports Act], the source and storage of drinking water, the accessibility for cleaning purposes and protection of the tanks from contamination;

(c) for the destruction of rats, mosquitoes or other vermin on such vessels and for the taking of measures to prevent the access to and from such vessels of such rats, mosquitoes or vermin;

(d) for the sanitary inspection of such vessels and for the prevention or remedying of any nuisance or danger to health on any such vessel;

(e) for the inspection of all articles of food or drink intended for human consumption carried on any such vessel and the seizure and disposal by destruction or otherwise of any such article which may not be sound, wholesome and free from disease, infection or contamination;

(f) for the prevention of danger to public health by the introduction or spread of any infectious or contagious disease from any such vessel and for the prevention of the

*Not yet drafted. Please see, however, the note on clause 3 in the notes on clauses,

conveyance of infection by means of any vessel departing from such port, and in particular and without prejudice to the generality of this provision, for—

(i) the previous communication by wireless or otherwise of all necessary information, the signals to be hoisted, the places of anchorage to be taken up by any such vessel having any case or suspected case of infectious or contagious disease on board or arriving at such port from a port or place in which or in the neighbourhood of which there is believed to be or has been at the time when the vessel left that port or place any infectious or contagious disease;

(ii) the medical inspection of such vessels and of persons on board such vessels and of all vessels intending to depart for ports beyond India and all persons desiring to depart on such vessels;

(iii) the questions to be answered and the information to be supplied by masters, pilots or other persons on board such vessels or desiring to depart on such vessels;

(iv) the detention of such vessels and of persons on board such vessels and the conditions under which such persons may be allowed to land in or depart from India;

(v) the duties to be performed in the case of any such disease by masters, pilots and other persons on board such vessels;

(vi) the removal to hospital or other place and for the detention therein of any person from any such vessel who is suffering or suspected to be suffering from any such disease or has been in close contact with any person so suffering;

(vi) the cleansing, ventilation and disinfection of such vessels or any part thereof and of any articles therein likely to retain infection or contagion;

(vii) ensuring the immunisation against the diseases of plague, cholera and small-pox, by inoculation, vaccination, re-vaccination or other approved methods of all persons arriving at any port in India from any other port whether within or beyond India, or desiring to depart from any port in India for any port in or beyond India;

(g) for the fees or charges which may be levied in any such cases and the persons liable for their payment.

(2) The power to make rules and regulations under this section is subject to the condition of such rules and regulations being made after previous publication.

(3) If any person disobeys any rule made under sub-section (1), he shall be punishable for every such offence with fine which may extend to one thousand rupees.

(4) If a master fails wholly or in part to do any act prescribed by any rule made under sub-section (1), the Health Officer may cause such act to be done, and the reasonable expenses incurred in doing such act shall be recoverable by him from such master.

5. (1) The Governor General in Council may also by a notification published in the *Gazette of India*—

(a) declare any port or ports in India to be the first port or ports of entry for all or for any particular class or description of vessel arriving from ports beyond India and require the masters of such vessels bound for India to enter the port or one of the ports so declared before entering any other port in India;

(b) prohibit, restrict or regulate the importation into or the export from India of any (animal) article or thing likely to spread infectious disease or impose such restrictions or conditions as to the examination, detention or disinfection of such (animal) article or thing as he may consider expedient.

(2) If any person without reasonable excuse, the burden of proving which shall be upon him, disobeys any rule or order made under sub-section (1) (a) or (b), he shall be punishable for every such offence with fine which may extend to ten thousand rupees.

6. Within the limits of any port and within such area in the vicinity of such port as he may in such case think proper, the Governor General in Council may by notification prescribe that it shall be obligatory on every owner or occupier of any land, building or other premises to give intimation within such period as may be specified of the occurrence of any case of any dangerous or infectious disease which may occur on that land or in that building or those premises to such public servant as may in each case be specified and may prescribe penalties on conviction for failure to give such information.

7. (1) At any port subject to this Act, the Governor General in Council may appoint an officer to be called the Health Officer or may authorise any person or persons to perform the duties of health officer and may in each case specify the terms and conditions of such appointment.

(2) A Health Officer shall have the following powers within the limits of the port for which he is appointed, namely—

(a) with respect to any vessel the powers conferred on a shipping master by the Indian Merchant Shipping Act, 1923, section 91;

(b) power to enter on board any vessel and medically examine or cause to be medically examined by a registered medical practitioner all or any of the passengers or crew on board such vessel;

(c) power to require and enforce the production of the log-book and any other books, necessary for the purpose of enquiring into the health and medical condition of the persons on board the vessel;

(d) power to call before him and question for any such purpose all or any of those persons and to require true answers to any questions which he thinks fit to ask;

(e) power to require any person so questioned to make and subscribe a declaration of the truth of the statements made by him.

(3) In any port where no Port Sanitary Authority as hereinafter described has been constituted, the Health Officer shall be solely responsible for carrying out the rules and regulations made under this Act.

8. (1) In any port in which he may consider such action desirable, the Governor General in Council may constitute an authority for the improvement of the sanitation of the port and its surroundings and for the carrying out of the regulations made under sections 4 and 5.

(2) Every such authority shall be called a Port Sanitary Authority and shall consist of so many members representing any existing local authority or other body and so many representing the central and the Provincial Governments as may in each case be approved. The Governor General in Council may from time to time make changes in its members and composition after public notification of the intention to do so.

(3) The order constituting a Port Sanitary Authority may give such authority jurisdiction over all or any part

of the area included within the limits of the port whether land or water. Subsequent orders may be issued, after due notification of the intention to do so, varying, within the limits specified, the extent of the jurisdiction.

(4) Any order constituting a Port Sanitary Authority may assign to such authority such powers, rights, duties, capacities, liabilities and obligations as may seem necessary for the following purposes:—

(1) The efficient drainage of the land area involved and the prevention of public nuisances whether on land or water.

(2) The provision of a pure water supply.

(3) Scavenging and the removal of refuse.

(4) The reclamation of unhealthy localities.

(5) The prevention and control of dangerous and infectious disease.

(6) Any other matter which in opinion of the Governor General in Council is likely to affect the health and sanitation of the port.

Provided that where any other local authority is vested by any law already in force with powers and duties in any part of the area in question, such powers or duties shall not be transferred to the Port Sanitary Authority until the local authority in question has been given an opportunity to put forward any objections it may have to raise to such transfer.

Provided further that in the order directing such transfer, the Governor General in Council may direct that the cost of carrying out the duties in question shall be met to such extent as he may consider right and proper from the funds of such local authority.

(5) A Port Sanitary Authority to which any duties or liabilities have been assigned by an order under sub-section (4)

may either carry out those duties or liabilities through its own staff or, with the consent of the Governor General in Council, arrange, on such terms as may be approved, for them to be carried out by any local authority.

9. A Port Sanitary Authority shall, subject to the approval of the Governor General in Council, make rules for the conduct of its business, provided that one meeting shall be held at least once a month and at any time on a requisition signed by two members or at the request of the Health Officer,

10. It should also prepare a schedule of officers and servants necessary for carrying out its duties and make regulations for their leave, allowances, service conditions, pensions, provident funds, etc. These regulations shall be subject to sanction by Government.

11. (a) In any port where a Port Sanitary Authority is constituted, the Health Officer appointed under section 7, if any, shall be the chief executive officer of the Port Sanitary Authority for the purpose of carrying out all duties assigned to it.

(b) He shall have the same right of being present at a meeting of the Port Sanitary Authority and of taking part in the discussions thereat as any member, but shall not be at liberty to vote upon or to make any proposition at such meeting.

(c) He shall prescribe the duties and exercise supervision and control over the acts and proceedings of all other officers and servants of the Port Sanitary Authority.

(d) In the event of emergency, he shall take such immediate action as may appear to him to be necessary, reporting the action taken forthwith to the Port Sanitary Authority.

12. (1) Within the jurisdiction of the Port Sanitary Authority the Health Officer may at any time inspect any building or other premises for the purpose of ascertaining the sanitary condition thereof, or to ascertain whether it is infested with rats or mosquitoes and, where the Port Sanitary Authority is vested with powers in this behalf, may, subject to such general orders as may be issued by the Port Sanitary Authority, take action to remedy the insanitary conditions or destroy or prevent the breeding of rats or mosquitoes.

(2) In case any other local authority than the Port Sanitary Authority be vested with powers in this behalf, the Health Officer may communicate the result of his enquiries with his suggestions to the appropriate executive officer of the said local authority or may advise the Port Sanitary Authority with a view to their taking such action as may be lawful for them to take.

13. (1) If it shall appear to any Port Sanitary Authority that the insanitary condition of any local area outside its jurisdiction is laid down in section (3) but within such limits as may be prescribed by Government in this behalf, and within the jurisdiction of any other local authority is such as to affect prejudicially the health and sanitation of the port or that such area is liable to harbour rats or mosquitoes, it may by an order in writing depute the Health Officer with such other of its officers or staff as may be necessary (if any) to make an inspection of the area in question and report to them the result of such inspection.

(2) When so deputed, the Health Officer shall inspect such area and may require the Chief Executive Officer of the local authority within whose jurisdiction the area is situated to supply him with such information with reference to the sanitary condition of the area in question or the breeding of rats or mosquitoes thereon as may be available.

(3) If on the receipt of the report of the Health Officer, the Port Sanitary Authority is of opinion that there is reason to believe that the insanitary conditions of the area in question is such as to affect prejudicially the health and sanitation of the port or that such area is liable to harbour rats or mosquitoes and that it is the duty of any other local authority to take steps to remedy such insanitary condition or prevent such harbouring of rats or mosquitoes, it may either draw the attention of such local authority to the matter or may request the local Government to take any steps which it may be competent to take to compel the said local authority to remedy the insanitary condition of the area or to prevent its harbouring of rats or mosquitoes.

In every case where action is taken under this section by a Port Sanitary Authority, it shall report the facts to the Central Government.

14. (1) In any case where the Governor General in Council direct the constitution of a Port
Financial. Sanitary Authority under section 8, a contribution equivalent to a moiety of the approved expenditure shall be made from central revenues towards the finances of such Port Sanitary Authority.

(2) In any Port where a Port Trust has been constituted by any Act, a moiety of the approved expenditure of any Port Sanitary Authority there constituted shall be met from the funds of such Port Trust.

(3) In any other case, the Governor General in Council may pass orders as to how the cost of the Port Sanitary Authority other than that met from central revenues shall be met.

(4) The Governor General in Council may make rules prescribing in what manner the contributions payable by him or by a Port Trust or other body to a Port Sanitary Authority shall be calculated and paid.

(5) In every case where a Port Sanitary Authority is constituted, the pay and allowances of the Health Officer (if any) shall be met from its budget.

15. (1) In carrying out its duties the Port Sanitary Authority shall be guided by any rules and regulations issued by the Governor General in Council under section 4 and by any orders passed under any section of this Act.

(2) The Governor General in Council may at any time inspect the work of any Port Sanitary Authority through his Public Health Commissioner or any officer specially empowered in this behalf. He may also communicate direct to the Health Officer such informations and instructions as appear to be necessary for carrying out his duties.

(3) If it appears to the Governor General in Council that any Port Sanitary Authority is failing to carry out all or any of its duties he may after calling for such explanation as he may consider necessary direct that such duty or duties shall be carried out in such manner and by such person as he may deem proper and that the cost of doing so shall be met from the funds of the Port Sanitary Authority.

16 The Governor General in Council may delegate to any provincial Government such of its powers under this Act as it may from time to time consider necessary.

Notes on Clauses

Clause 1 (b).—The proposed Act will presumably be extended to the ports shown in the first schedule to the Indian Ports Act.

Clause 2.—In defining “master,” “port,” and “vessel,” an attempt has been made to adapt the definitions given in section 3 of the Indian Ports Act. The definition of “Health

Officer" has been adopted from the rules under section 6 (1) (p) of the Indian Ports Act.

Clause 3.—The enactments for repeal will be Indian Ports Act—sections 6 (1) (p), 6 (3) and (4) and section 17.

Clause 4.—An attempt has been made to provide in the first instance for the general sanitary inspection of vessels, whether suspected of infectious disease or not, in clauses (a), (b) and (d). Clause (c) provides for the destruction of rats, mosquitoes and other vermin in all vessels whether suspected of infection or not and in view of its inclusion here, the similar provision has been omitted from clause (f) (ii) below. Under the International Sanitary Convention of 1926, powers are needed to compel the destruction of rats, mosquitoes and vermin on coastwise vessels and lighters.

Clause 4 (e).—Authorises the inspection and seizure of all articles of food intended for human consumption. It may be necessary to instruct the Port Health Officer to deal finally with such articles if they are not intended to be landed. If they are to be landed, it would be adequate for him to have power to hand them over to the local competent authority who will ordinarily be the Municipal Health Officer.

Clause 4 (f).—This corresponds to section 6 (1) (p) of the Indian Ports Act but the powers given thereunder have been supplemented in various ways, so as to make them applicable to persons departing from as well as arriving in Indian ports.

Clause 4 (f) (i).—The words "the previous communication by wireless or otherwise of all necessary information" are added because such provision has already been found necessary.

Clause 4 (f) (ii), (iii) and (iv).—The additions made are intended to cover the case of persons departing from India

as well as those arriving. The rules already postulate such powers.

Clause 4 (f) (vi).—The words “or has been in close contact with any person so suffering” appear to be a necessary addition. The wording of Article 13 (1) of the International Sanitary Convention of 1926 is “and of persons in such relations with the sick as to render them liable to transmit, the infection of these diseases.” Our rules under the Indian Ports Act—section 6 (1) (p) already authorise action in the case of contacts even if they are not suspected to be suffering from any infectious disease.

Clause 4 (f) (viii).—This is new and is intended to give Government power to insist on the immunisation of all passengers arriving or departing in the case of plague, cholera or small-pox. Immunisation of pilgrims against cholera and small-pox is compulsory and there should surely be power to make it compulsory in the case of ordinary passengers wherever the necessity arises. Certificates of operations performed will of course be accepted under certain conditions.

Clause 4 (g).—This is new and intended to cover such cases as recovery of fees from persons removed to hospital. [Rule 40 of the existing rules under section 6 (1) (p) of the Indian Ports Act.]

Clauses 4 (2), (3) and (4).—Correspond to the similar clauses under Indian Ports Act—section 6.

Clause 5 (i) (a).—This is a measure contemplated in the International Sanitary Convention of 1926; (*Cf.* Article 50, paragraph 3.) It is also under consideration that Bombay should be made the sole port of entry into India for ships infected with yellow fever.

Clause 5 (i) (b).—This appears desirable to meet certain special cases, *e.g.*, the prohibition of the import of sleeping sickness virus. Presumably the import of animals is already

covered by other Acts, but there is no reason why it should not be included here also.

Clause 6.—Under Article 8 of the International Sanitary Convention of 1926 as modified by the reservation made by our delegates, it is proposed that the Government of India should make the notification of cases of the "Convention" diseases compulsory in the neighbourhood of larger sea-ports. In some cases, the existing law does not make this possible. It is therefore proposed to take powers here instead of amending a variety of local Acts.

Clause 7.—See section 17 of the Indian Ports Act.

Clause 7 (2) (b).—Has been expanded so as to enable a Health Officer to examine all passengers and crew and not seamen and apprentices only.

Clause 7 (3).—This is an addition.

Clause 8 (2).—The English Public Health Act, 1875, section 287, authorises Government to confer the powers of a port sanitary authority, on existing local authorities as well as on special constituted authorities. In India it is proposed to appoint specially constituted authorities only as there are objections to the appointment of existing authorities. Any changes in the composition of a Port Sanitary Authority should be made after public warning has been given.

The local Governments will be invited to suggest the composition of the Port Sanitary Authority in the case of each port, as well as the area to be included within its limits. The latter will ordinarily be confined to the immediate vicinity of the port and the docks.

Clause 8 (3).—*Cf.* Public Health Act of 1875, section 288.

Clause 8 (4).—It is anticipated that the only duties which will actually be transferred to the Port Sanitary Authorities, if any, will be duties in connection with the

destruction of rats or mosquitoes, the rat proofing of godowns, etc. Municipalities will probably be glad to be relieved of such duties within the immediate vicinity of the docks. The second proviso allows the Governor General in Council to pass orders as to the cost of carrying out such duties. The English Public Health Act of 1875, section 290, gives similar powers to the local Government Board in England.

Clause 8 (5).—This is intended to enable, for example, a Port Sanitary Authority to arrange with the local municipal authority for the provision of isolation and hospital facilities adequate to meet the needs of overseas traffic.

Clause 11.—This is largely borrowed from the corresponding clauses referring to the Municipal Commissioner in the Bombay City Municipal Act.

Clauses 12 and 13.—As far as the land areas are concerned, the ultimate authority will continue to be with the Provincial Government, whether they are within or without the jurisdiction of the Port Sanitary Authority. Clause 13 follows Calcutta Port Sanitation Bill, 1919, clause 16 *seq.*

Clause 14.—It would be possible to leave this to executive orders, as in England, where the Ministry of Health has full powers to order how the cost of Port Sanitary Authorities shall be met and to grant or withhold contributions thereto. It would, however, appear desirable in order to prevent misapprehensions, to make it a statutory liability for the Central Government to contribute half the cost of the Port Sanitary Authority and for the Port Trusts where they exist to make a similar contribution.

Clause 15 (2).—In England a considerable inspectional staff is maintained by the Ministry of Health. At present this is not the case in India but it may prove to be necessary.

Clause 15 (3).—This is very much on the lines of section 299 of the English Public Health Act of 1875.

Clause 16.—Provision is made for the Provincial Governments to act as agents, should such an arrangement be possible and desirable.

Letter No. 820 dated 22nd March 1935 from Chamber to the Government of Bombay.

I am directed to refer to your letter No. 10/B dated the 18th December 1934 on the above subject and in reply, to send to you hereby the views of my Committee on the scheme for the creation of Port Sanitary Authorities for the sanitary administration of Ports.

My Committee have considered the programme and while there may be much to recommend it, they feel that this is a very inopportune moment for initiating a scheme that is going to involve very heavy expenditure. Such expenditure, whether it is borne by the Government of India or the Port Trust comes out of the pockets of the taxpayers and instead of duplicating the machinery, if the same purpose could be served by a smaller outlay, my Committee feel that Government should adopt that course and at all events drop this legislation for the time being.

The health problems of the Bombay Port are at present being attended to adequately by the Municipality of Bombay and the Bombay Port Trust which is a statutory body. There does not seem to be an adequate case made out for a new Central Authority so far as *Bombay Port is concerned. For ports in the Presidency other than Bombay, if Government find some valid grounds for instituting such an Authority they may proceed with it.

My Committee would also, like to put forward for the consideration of Government that during the period the above legislation is not proceeded with, the same object could be secured by a system of periodical inspection of the various ports by an Officer of the Government of India and by the laying down of adequate standards for the proper maintenance of sanitation in ports.

If, however, Government come to the conclusion that the legislation should apply to the Bombay Port also, and proceed with it, then it is considered essential by my Committee that the Indian Merchants' Chamber should have a direct representation on the Authority instituted for the Bombay Port. It is true that the Chamber has representation on the Port Trust (which my Committee have always considered inadequate having regard to the interests of Indian Commerce & Industry) but a direct representation of the Chamber, as such, on the Authority would be helpful in many ways. My Committee feel that the new Body will work successfully only if and when they carry public opinion with them and in this task the presence of a representative of this Chamber will be really helpful, partly in representing the demands of the people to the Body and partly in explaining the policies which the authority may ultimately adopt.

APPENDIX 5

Port Quarantine—discontinuance of information relating to Minor Ports

Letter No. 162/2357/62 dated 6th August 1935 from the Surgeon-General through Port Health Officer, Bombay.

Copy of Memo No. S. 136/B of 3rd/5th August 1935, from the Surgeon-General with the Government of Bombay, Poona, to the Health Officer of the Port of Bombay.

Subject:—Port Quarantine.

The necessity of broadcasting the information relating to minor ports in other Provinces.

Please state after consulting the Officers and bodies mentioned below whether it is necessary to communicate to them declarations made by other Governments relating to *minor ports* in their Provinces, as being affected by or free from certain epidemic disease. It is considered doubtful whether local officers and bodies mentioned below have any interest in the majority of such declarations and therefore it is suggested that if such intimation could be discontinued much unnecessary routine work of Government would be reduced. Please also offer your remarks in the matter:—

1. The Collector of Customs, Bombay.
2. The Municipal Commissioner for the City of Bombay.
3. The Shipping Master, Bombay.
4. The Commissioner of Police, Bombay.
5. The Chambers of Commerce, Bombay.
6. The Indian Merchants' Chamber, Bombay.

No. 162/2357/62 of 1935.

Port Health Office,

Bombay: 6th August 1935.

Copy forwarded with compliments to the Secretary, Indian Merchants' Chamber, Bombay, for favour of his opinion as requested by Government.

Sd/- C. L. Bilderbeck,

Lt.-Col., I.M.S.

Health Officer of the Port

Letter No. 2334 from Chamber to Port Health Officer.

With reference to your endorsement No. 162/2357/62 of 1935, dated 6th August 1935, on the Government

proposal to discontinue the broadcasting of the above information, I am directed to inform you that the Committee of this Chamber have no objection to the same.

APPENDIX 6

Appointment of an Indian as Chairman of the Bombay Port Trust.

Letter No. 368 dated 7th February 1935 from Chamber to Government of Bombay, Political Department.

I am directed by my Committee to refer to the report which recently appeared that, on the retirement of Mr. W. R. S. Sharpe, Chairman of the Bombay Port Trust, it is the intention of Government to appoint an I.C.S. Officer to this post. As my Committee do not know the name of this officer, they trust Government will be convinced that this representation arises as a matter of principle and grounds of broad national policy and not on account of any personal disapprobation of the party chosen.

The request of the Indian commercial community for the appointment of an Indian Chairman of the Bombay Port Trust, is not new. It was made first by this Chamber on 30th July 1925 and has been reiterated ever since. In 1926 (*vide* No. T. 2547, dated 23rd December 1926) when Mr. Sharpe, the then Secretary, was being raised to the position of the Deputy Chairman, the Chamber objected to the creation of a new post, which would involve a presumption in favour of Mr. Sharpe for appointment as Chairman in due course. This apprehension was more than justified and in 1930 (No. 2147, dated 19th July 1930) the Committee again drew the attention of Government to the need for having an Indian Chairman on the Bombay Port Trust. The Government, in their reply to this

letter (6565-E, dated 25th August 1930), gave an assurance that this request would be considered. In November 1931, the same issue was again raised by my Committee and Government replied (6565-E, dated 2nd December 1931) that they were overwhelmed by "points of view of personal suitability and of economy in establishment charges and they had decided to appoint Mr. Sharpe as Chairman." In 1932 (No. 813 of 29th June) the Committee again dealt with this subject and requested Government to undertake legislation to amend the Bombay Port Trust Act of 1879 with a view to secure an Indian majority on the Bombay Port Trust, which would also incidentally involve a larger element of Indianisation in the personnel of the Bombay Port Trust, including the post of the Chairman, than has been found possible hitherto.

The request for Indianisation found echo in the Legislature in the resolution, that was moved in January 1922 by the Hon'ble Sir (then Mr.) Phiroze Sethna and in a similar resolution, which was moved by him again on the 26th of September 1932, which the Council of State adopted. My Committee record that the meagre progress in Indianisation in the Services generally is due largely to the control at the top being in non-Indian hands, and they feel that the time has come when Government must make up their mind, if there is any relevancy or genuineness about the protestations of transfer of real power to Indians under the new constitution, to put a capable Indian as the head of the Bombay Port Trust.

The Committee trust that the old arguments about personal suitability will not be again put forward. The Indian public will not hear any more that there are no suitable Indians for the post. If Government wish to employ this argument decade after decade, they must realise how untenable and unconvincing such a position would be when it was open to Government to have suitable Indians trained for this place and selected therefrom purely on grounds of merit. The other question about sacrificing efficiency to considerations of policy also would

be a bit stale. The Committee trust that the Government of Bombay, acting as the agents of the Government of India in the matter of Port Administration, will not resort evasive or equivocal pleas of this kind, but will take their courage boldly in their hands and make the innovation, which is likely to meet with the approbation and with very genuine appreciation at the hands of the Indian commercial community.

My Committee also object to the reservation of this place as a prize post for the Indian Civil Service. They have nothing to say against the capacity of many members of this Service, but they feel that, if such reservation results in the exclusion of capable Indians, it is to be objected to. My Committee would like to know what attempts Government have made to look for a suitable Indian for this place and also what steps they have taken since they wrote in December 1931, about the personal suitability of Mr. Sharpe, to give the necessary qualification to a capable Indian, either in service or outside for discharging the responsibilities of this important place.

Letter No. 6565-B dated 30th April 1935 from Government of Bombay to Chamber.

With reference to your letter No. 1015, dated the 24th April 1935 (reminder), on the subject mentioned above, I am directed by the Governor in Council to inform you that a notification will shortly appear in the Bombay Government Gazette.

Letter No. 1120 dated 9th May 1935 from Chamber to Government of Bombay.

I am directed to acknowledge receipt of your letter No. 6565-B, dated 30th April 1935, on the above subject.

The Committee of this Chamber are obliged to Government for informing them that a notification will shortly

appear in the Bombay Government Gazette with regard to the subject matter of your letter. It was not, however, for that purpose that they approached the Government of Bombay. They are not interested and are not curious to know when and who will be appointed. They had raised a point of principle, and it was with a view to emphasise, as they have been emphasising since years past, the importance and the necessity of having an Indian as Chairman of the Bombay Port Trust that they addressed their communication to Government. They have several times set forward their reasons why an Indian should be appointed as Chairman of the Port Trust, and they do not think it necessary to go into all these details again at this stage. They, however, enclose herewith relevant extract from the speech of the President of the Chamber at the last Quarterly General Meeting, wherein he stressed the importance of appointing an Indian Chairman of the Bombay Port Trust.

My Committee again hope that the Government of Bombay, taking into consideration the feelings of the Indian commercial community, on this question, will appoint a suitable Indian as Chairman of the Bombay Port Trust, and would request Government to favour this Chamber with a clear statement of their views on this subject, if for any reason they are unable to fall in with the views of the commercial community thereon.

APPENDIX. 7

Bill to amend the Bombay Port Trust Act

Letter dated 7th February 1935 from Mr. L. R. Tairsee, representative of the Chamber in the Bombay Council to the Secretary, Government of India, Legislative Department.

I intend to move the accompanying Amending Bill in the Bombay Legislative Council. It is an amending Bill to amend the Bombay Port Trust Act of 1879. This

being a Central and Reserved subject, requires the assent of the Governor-General before I can give notice to the Bombay Legislative Council.

I beg, therefore, to approach you with a request that His Excellency the Governor-General may be pleased to accord his consent to this Bill being moved in the Bombay Legislative Council.

Draft

Bill No. of 1935.

A Bill to amend the Bombay Port Trust Act, 1879.

WHEREAS it is expedient to amend the Bombay Port Trust Act (Act VI) of 1879, for purposes hereinafter appearing; it is hereby enacted as follows:—

1. (1) This Act may be called the Bombay Port Trust (Amendment) Act, 1935.

(2) It shall come into force on the.....day of 1935.

2. (1) In Section 16 of the Bombay Port Trust Act (Act VI) of 1879, the following shall be inserted as sub-section (1):—

“19. The Chairman shall—

(1) always be a statutory Indian.”

(2) The existing sub-sections (1), (2) and (3) shall be re-numbered—

“(2), (3) and (4), respectively.”

Statement of Objects and Reasons

Indian public opinion has been asking for Indianisation of services in the Bombay Port Trust, including the

office of the Chairman. A resolution was moved in the Council of State in January 1922, and another resolution in September 1932, both of which were adopted. This Bill has been introduced with the object of achieving the result aimed at in those Resolutions.

LAKHMIDAS ROWJEE TAIRSEE.

Letter No. 598/34-B dated 16th April 1935 from Government of Bombay, Political and Reforms Department, to Mr. Tairsee.

With reference to your letter to the Secretary to the Government of India, Legislative Department, dated the 7th February 1935, on the subject mentioned above, I am directed by the Governor in Council to say that the Government of India have intimated that the Governor-General is unable to grant the necessary previous sanction to your Bill to amend the Bombay Port Trust Act, 1879.

APPENDIX 8

Reform in the Constitution of the Bombay Port Trust and the other Port Trusts in India

Letter No. 1477 dated 12th June 1935 from Chamber to Government of India, Commerce Department.

The Committee of this Chamber have heard with regret and serious disappointment that the Governor-General has not thought it fit to give sanction to the introduction of the Bill by the representative of the Chamber in the Bombay Legislative Council to amend the Bombay Port Trust Act with a view to secure the appointment of an Indian to

the office of the Chairman of that body. It is due to this Chamber to explain to Government, that their attempt to secure a legislative provision was not hasty or ill-advised. As they had been representing to Government since 1925, the correspondence in connection therewith (appended herewith)* will show that, what a serious disregard of the public opinion and feelings the Government of Bombay have manifested in this matter. It was with the same object that two motions were considered by the Council of State, one in January 1922, and one in September 1932, the latter one of which was accepted by Government and passed by the Council. It is because the Chamber has found that the administrative discretion, which is vested in Government, has invariably worked against the appointment of an Indian in spite of strong and clear expression of public opinion, that the Chamber has, as a last resort, desired to raise discussion on this subject in the Legislative Council. If Government has valid grounds against the passing of such a Bill, they could very well have stated these grounds in the discussion and carried the Council with them. But the refusal of permission to the introduction of this Bill is very regrettable, as it is tantamount to throttling an open and public discussion of an important issue on which in Indian business circles and public, opinion was very strong.

As the result of the representation of this Chamber, the Bombay Port Trust Act was amended in 1922, its constitution was widened and representation was given on the Board to Indian business of five members,—an equal number with the representation, which the European Chamber of Commerce in Bombay had. In the opinion of the Chamber, the time has now arrived when the constitution of the Bombay Port Trust in particular, and of all Port Trusts in India in general, should be looked into and revised with a view to secure general efficiency and workmanlike progress of such bodies, as well as to give the necessary and material weight, which is due to Indian business. It is regrettable that the change made in 1922 in Bombay was

*Not printed.

not followed in respect to other ports in India, where Indian representation is still deficient and inadequate. This may be survival of the days when the purpose of Government policy was to keep out Indians from high administrative offices everywhere, but as Government claim from the highest quarters that they have abandoned this principle and that it is their deliberate intention to transfer real authority to Indian hands, my Committee would respectfully point out that, without corresponding action in overhauling the constitutions of several Port Trusts in India and in securing thereon at least half the Indian members, such claim becomes altogether untenable. In view of the Government of India with reference to ports, which have been declared a Central subject, my Committee have thought fit to bring this matter to the notice of the Government of India in the expectation that early action in this direction will be taken. They do not think it necessary to refute the argument, that an adequate number of capable Indians could not be found for this purpose so far, as they trust that such an argument will not be put forward by Government.

Reverting specifically to the case of the Bombay Port Trust, my Committee feel that there is an overwhelming argument in favour of an Indian majority on the Board of the Bombay Port Trust, which is a statutory body entrusted with vast public funds and great powers for raising revenue from the trade passing in and out of Bombay. It is our contention that this trade is predominantly Indian and that the consequences of maladministration or good administration would equally reflect on the adversity or prosperity of Indian business in Bombay. Whatever justification there may be for the presence of Government officials on the Port Trust Board, the net result has been that, on many issues on which Indian interests, either in the service or in the trade, are concerned, the representatives of Indian business have found themselves in a perpetual and hopeless minority. The tone of the administration is substantially coloured by this defect and, amongst the serious consequences of this, must be put down to

some extent the diversion of trade from Bombay, which has taken place, involving considerable loss not only to the Port Trust, but to Government revenues and to the Railways owned by the taxpayer. My Committee submit that the time has, therefore, arrived for a change in the Bombay Port Trust Act, which will give a better constitution than at present and which will reflect on the Board the seriousness and the weight of Indian business in a more practicable manner than is evident at present.

The issue of an Indian majority on the Bombay Port Trust is, in the eyes of my Committee, as important as the question of an Indian Chairman, because, without adequate support of Indian opinion on the Board, however capable and public spirited an Indian Chairman may be, he would not be able to initiate those changes of policy directed towards securing real economy and the reduction of charges, payable by trade, which is desired by Indian commercial opinion, and for which there is more than adequate scope. My Committee would go further and say that, unless this matter is handled seriously and opportune action is taken, the clouds overhanging Bombay as a port might grow darker and the position of the port will be seriously worsened.

There is not merely a business objective in securing an Indian as Chairman of the Bombay Port Trust, but there is an overwhelming sentiment behind this request in so far as the exclusion of an Indian from this office perpetually in spite of earnest requests from the Indian commercial world, involves a reflection on Indian commercial world, involves a reflection on Indian capacity, which, my Committee feel, could not be the object of Government to sustain. Considering the fact that the capacity of Indians for high administrative offices, such as the membership of His Excellency's Executive Council, has been over and over again publicly acknowledged, it would seem strange and indeed extraordinary that any suggestion should come, as unfortunately it did from the Government of Bombay, that Indians "with personal suitability" could not be found,

for the Chairmanship of the Port Trust. It is ridiculous to suggest that the efficiency of the Port Trust will go down if an Indian is put in charge. My Committee regard any such suggestion as an unnecessary libel on the whole community, to which, they trust, the Government of India will not be a party. My Committee feel that the best method for the Government of India to clear themselves of any such suspicion from the public mind would be to consider whether the ban on this Bill should not be withdrawn and the Bill could not be considered on its own merits. If Government are not in a position to do that, at least a statement of their view on this subject may be issued, with particular reference to the Indian element on the Port Trust Boards in India generally and the Port of Bombay in particular.

*Letter No. 232-P. & L. (5)/35 dated 18-7-1935 from
Government to Chamber.*

I am directed to reply to your letter No. 1477 of the 12th June 1935. In that letter you ask Government to define their attitude with regard to legislation recently proposed by a member of your Chamber to render compulsory the appointment of an Indian to the post of Chairman of the Bombay Port Trust. You further request that measures be taken to secure that all Port Trusts in India, and the Bombay Port Trust in particular, should have a majority of Indian trustees.

As regards the first point, I am to point out that the reasons of the Governor-General for refusing assent to the introduction of a Bill under sub-section (3) of Section 80-A of the Government of India Act cannot be called in question and are not open to discussion. The Government of India, however, have no difficulty in defining their own attitude to the general question. They consider that it would be contrary alike to public policy and to the interests

of the port to make a statutory provision that Chairmen of Port Trusts should be appointed on racial grounds. In this connection I am also to invite your attention to Section 111 (1) of the Government of India Bill which is now before Parliament.

As you point out the Bombay Port Trust Act was amended as recently as 1922 in order to give wider representation to Indian business interests. It is the policy of Government to see that, in the constitution of Port Trusts, due weightage is given to all important interests concerned in the welfare of the trade of the Port, and so far as the elected element is concerned, Government are not aware of any recent changes in relative interests of such importance as to make a further adjustment again necessary. At the same time, there seems no reason to doubt that, *pari passu*, with the progress of Indianisation in Government services, those interests which have to rely on nomination by the local Government will be increasingly represented by Indians.

The considerations given above apply equally to other Port Trusts in India with regard to which also you will realise that Government must give greater weight to expressions of local opinion than to the views of your Chamber.

APPENDIX 9

Port Trust Wharfage for Barytes Ore

Letter No. 2152 dated 28th October 1935 from Chamber to the Representatives of the Chamber on the Board of the Port Trust.

The Committee at their meeting held yesterday considered the letter from Messrs. Boyce & Co., a member of the Chamber, in regard to the classification of Barytes Ore for the purpose of Dock wharfage in the Bombay Port

Trust. A copy of Messrs. Boyce & Co.'s letter with its enclosures is sent herewith.

The Committee, on making enquiries, find that the Madras Port Trust levies Export Harbour dues on Barytes Ore crushed, in bags or in any other receptacle at 12 annas per ton and 10 annas per ton if in lumps.

In view of this, it is but proper that the Bombay Port Trust should also classify Barytes Ore under the heading Ore for wharfage purposes and not classify under paint and painter's materials as is the case at present. The Committee will be glad if the representatives will take up the matter with the Bombay Port Trust and secure for Messrs. Boyce & Co., the proper classification for Barytes Ore under the heading Ore for wharfage charges.

Letter No. 2469 dated 9th October 1935 from Chamber to Messrs. Boyce & Co., Bombay.

In continuation of this Office No. 2144, dated 28th August 1935, I am directed to inform you that the Board of Trustees of the Port of Bombay have decided to reduce the wharfage charges on Barytes Ore, crude or unprocessed, from Rs. 3/12 to annas 13 per ton, subject to sanction of Government.

APPENDIX 10

Port Trust Charges on Butter and Flour

Letter No. 288 from Chamber to the Representatives on the Port-Trust.

I am sending to you herewith a copy of a representation submitted by Messrs. Polson Manufacturing Company, a member firm, to the Bombay Port Trust regarding basis of Port Trust Charges on Butter and Flour.

The Committee, at their meeting yesterday, *resolved* to request the Chamber's representatives on the Board of the Bombay Port Trust to support the case of Messrs. Polson, and accordingly you will kindly do the needful when the matter comes up before the Port Trust.

Copy of letter dated 28/29-1-1935, from Messrs. Polson Manufacturing Co., Bombay, to the Manager, Bombay Port Trust Docks, Bombay.

We are in receipt of your letter No. D/4-8/309, dated the 23rd instant, and regret to note that you do not propose to recommend any change in the scale of wharfage charges, as requested by us.

In view of this decision, may we suggest that wharfage charges on Butter and Flour for consignments for Calcutta, Madras and Rangoon be recovered on weight and not on measurement, as is done in the case of consignments of Butter and Flour booked to Karachi and Goa?

Port Trust dues for consignments of Butter and Flour booked to Karachi and Goa are levied on weight, the rate being Rs. 2-9-0 plus 12½% surcharge per ton (net contents). Against this, the Port Trust dues for the same commodity, in exactly the same packing, for consignments to Calcutta, Madras and Rangoon are levied on measurement, i.e., Re. 0-6-0 per case plus 12½% surcharge, which in the case of Butter and Flour comes to Rs. 17-8-1 and Rs. 11-4-0 respectively. Accordingly, charges on measurement work out six times more in case of Butter and four times more in case of Flour than charges on weight, and we do not understand why Calcutta, Madras and Rangoon consignments cannot be charged in the same way as Karachi and Goa consignments.

While on this subject, we would deal with the suggestion made by you some time ago that as the wharfage rates permitted of packages being made upto 40 cubic feet in size we can obtain relief by taking full advantage of this fact.

On going into this matter we find that, to take full advantage of the wharfage charges, if we were to make up our packages of 40 cubic feet, we should make one package of 27 cases, each containing $4\frac{1}{2}$ dozen 1 lb. tins. The total weight of these 27 cases will be approximately one ton, and we are afraid that it would not be safe to send such a heavy package without damaging it en route. Our cases are made of fairly thin wood, and when such a big package of 27 cases is made into one, there will be all the possibilities of the cases getting damaged in transit, resulting ultimately in damage to our tins, making them thereby unsaleable. This proposition, therefore, is not workable in our case.

Hoping that our request will meet with your favourable consideration.

Letter No. 517 dated 14th February 1935 from the Secretary, Bombay Port Trust, to Mr. L. R. Fairsee, one of the representatives.

I am directed to acknowledge the receipt of your letter of the 2nd instant forwarding a copy of letter from the Secretary, Indian Merchants' Chamber, regarding a request from the Polson Manufacturing Company for a special rate of wharfage on butter and flour. As it does not appear that the previous correspondence on the subject was placed in the hands of the Chamber, I am to enclose herewith a copy of a letter dated 8th January addressed to the British India Steam Navigation Co., Ltd., after similar letters had been addressed in reply to representations in the matter both by the Polson Manufacturing Co. themselves and by the Scindia Steam Navigation Co., Ltd.

It will be seen that after full investigation the Chairman came to the conclusion that it would be impracticable to recommend the Board to sanction the request. He proposes however to lay the facts of the case before the Marine Committee at their next meeting.

I am to return herewith the accompaniment to your letter under reply.

Copy of letter No. 68 dated 8th January 1935 from the Secretary, Bombay Port Trust, to Messrs. Mackinnon Mackenzie & Co., Agents, The British India Steam Navigation Co., Ltd.

With reference to your letter No. C-3665 dated 10th December 1934 regarding a representation from the Polson Manufacturing Company relating to Port Trust wharfage on flour and butter, I am directed to say that the Chairman has given the matter careful consideration.

I am to observe that in June last year the Company represented this matter to the Port Trust and they were informed that it was regretted no special rates for these commodities could be recommended, and that the wharfage rate of annas 6 per case permitted of packages upto 40 cubic feet in size, and relief could be obtained by packing consignments so as to take full advantage of this. They were also asked to furnish a statement of their monthly exports by sea to other parts of India, but no reply was received to this enquiry. The Company again represented the matter in November last through the Scindia Steam Navigation Co., Ltd. and a reply in terms of this letter was given to them.

The general wharfage rate throughout Section I of the Docks Scale of Rates for case goods is 12 annas a package with the single exception of provisions under Item 28 E, for which the rate is 6 annas. As mentioned in your letter, the Trustees recently sanctioned a concessional rate of wharfage of Rs. 1-12-0 per ton for coffee, but the circumstances were special and involved no appreciable loss of revenue to the Port Trust. Were the Trustees to sanction special rates in the case under reference this would form a precedent for similar and equally justifiable claims from Importers and Exporters of other classes of provisions which, if granted, would entail a serious loss of revenue to

the Port. During the past two years the Trustees have sanctioned a number of important reductions and concessions to trade, as a result of which,—in spite of drastic retrenchment,—the Port is at present working at a loss. In these circumstances the Chairman regrets he is unable to recommend the Board to reduce the existing wharfage rates on the commodities under reference.

Letter dated 23rd March 1935 from Polson Manufacturing Company to Chamber.

In connection with the correspondence passed between us on the above subject, ending with your letter No. 477 dated the 18th February 1935, and our call on Mr. L. R. Tairsee as desired, we now enclose herewith a copy of our today's letter to the Manager, Bombay Port Trust Docks, contents of which speak for themselves (*not printed*).

During the personal interview the Manager of the Bombay Port Trust Docks explained to us how it would be practically impossible for him to revise the rates for Butter and Flour only which were classified along with several other items of provision and how a general revision of rates would affect their income to a very great extent.

Likewise he explained to us how it was not possible to apply the tonnage scale to other Coast Ports in India, such as Calcutta, Madras and Rangoon, though this was applicable in the case of ports like Karachi, Nova Goa and the like.

We thank you for the great interest taken by you on this subject.

APPENDIX 11

Abolition of Storing Charges for duty paid Cargoes stored in Port Trust warehouses

Letter No. D/4-3/1103 dated 28th March 1935 from the Manager, Bombay Port Trust Docks, to Chamber.

I have pleasure in informing you that the Trustees at their Meeting held on the 12th instant decided to abolish, with effect from the 1st April 1935, the storing charge hitherto levied on Duty Paid and Bonded cargoes stored in the Trustees' Docks Warehouses.

The sanction of Government and the Collector of Customs has now been received to the abolition of the charge. The charge will therefore be not levied in respect to all goods tendered for storage on and after the 1st proximo. On the basis of the 1934 traffic, the discontinuance of the charge represents a saving of some Rs. 72,000 per annum to future warehousers.

It will be remembered that a considerable reduction in the storage charges was effected in April 1933, and the concession now offered is in pursuance of the Trustees' policy to provide cheap warehousing facilities in the vicinity of the Docks.

The advantages accruing to the Trade will be particularly apparent in the case of short-term storage, upon which the incidence of the storage charge was disproportionately heavy. The security provided in Port Trust warehouses and the addition of free service of labour for stocking etc. are other advantages, which it is hoped will induce you to make full use of the accommodation provided.

APPENDIX 12

Port Trust Docks working hours

Letter No. ZE/19-3/1 dated 23rd October 1935 from the Manager, Bombay Port Trust Docks, to Chamber.

I am directed to invite an early expression of your opinion upon a reduction of the working hours in the Bombay Port Trust Docks.

Following upon the recent decision of the Calcutta Port Commissioners to reduce their hours to—

Day—8 a.m. to 12 noon and 1 p.m. to 5 p.m.

Night—7 p.m. to 4 a.m.

representation has been made to the Chairman of the Bombay Port Trust that the day working hours be reduced from the present nine hours (8-0 a.m. to 12-30 p.m. and 1-30 p.m. to 6-0 p.m.) to eight hours by cutting off half an hour at the beginning and end of the day.

For your information I mention that the hours in force in Karachi are—

Day—from 8-0 a.m. to 1-0 p.m. and 2-0 p.m. to 6-0 p.m.

Night—from 7-30 p.m. to midnight and 12-30 a.m. to 5-0 a.m.

I would like to remind you that in 1920 the Bombay Port Trust Docks day hours were reduced from 10 hours to the present 9 as under:—

From 7-30 a.m. to 12-30 p.m. and 1-30 p.m. to 6-30 p.m. or sunset.

To 8-0 a.m. to 12-30 p.m. and 1-30 p.m. to 6-0 p.m. without any alteration in the rates of pay.

It will be appreciated that any change in the hours fixed by the Trustees in respect of work in the Docks will of necessity have a corresponding effect upon all business activities within the Docks, e.g., stevedoring, clearances of cargo, warehousing, etc.

Your early consideration of and reply to this communication will be greatly appreciated.

Letter No. 2692 dated 7th November 1935 from Chamber to the Manager.

With reference to your letter of the 23rd October 1935, No. ZE/19-3/1, I am directed to say that my Committee would like to know the grounds for revising the present time scale of the working hours in the Port Trust Docks, as these are not given in your letter under reply. They feel that the proposed revised time scale will be unsuitable to the different trades concerned, and so they are opposed to the proposal, and trust that it will not be brought into effect.

APPENDIX 13

Conference for regulating competition between Railway and Shipping interests

Letter No. 1636 dated 26th November 1935 from Federation of Indian Chambers to the Chamber.

I am directed to enclose, for the information of your Committee, a copy of a communication received from the Government of India, Department of Commerce, regarding

the holding of a Conference in Delhi to discuss the general principles for regulating competition between railways and shipping interests. The Government have requested the Federation to send three representatives to attend the said Conference. They have further suggested that one representative each should be drawn from Calcutta, Bombay and Karachi. They further suggest that as the shipping companies are being specially invited to attend the Conference, the nominees of the Federation should be representative of interests other than shipping. I have, therefore, to request you to communicate to me names of persons whom your Committee desires to nominate for election as representatives of the Federation. The persons, in view of the Government's specific suggestions, should necessarily be drawn from Calcutta, Bombay and Karachi and the Member-bodies will be requested to record their votes from three different sets of nominations for these three cities.

As there is scarcely a fortnight left at the disposal of the Federation office to adhere to the double procedure for electing these representatives, it is requested that the Member-bodies will be good enough to make arrangements with their Committees for the nomination of candidates and for the election of representatives within the time-table indicated below:—

Nomination of Candidates.—Names received till the midnight of Tuesday the **5th December 1935**, will be accepted for election.

Names of candidates duly nominated for election will be communicated to the Member-bodies by telegrams on Friday the 6th December 1935.

Recording of Votes.—Votes recorded by Member-bodies till the midnight of Tuesday the **10th December 1935**, will be taken into consideration for purposes of election.

It is further requested that in nominating persons as candidates, Member-bodies should ascertain from such candidates their willingness to attend the Conference in case of their being elected.

Copy of a letter No. 430-P. & L. (31)/35 dated New Delhi, the 25th November 1935,, addressed by the Government of India, Commerce Department, New Delhi, to the Federation.

‘‘I am to state that the Hon’ble Commerce Member proposes to call a Conference at Delhi on Monday, 16th December, to discuss with representatives of the Commerce and Finance Departments and of the Railway Board the general principles which should be followed in regulating competition between railway and shipping interests. It is proposed that in addition to representatives of the Government of India, the Conference should consist of—

- (1) a representative from each of the Port Trusts of Calcutta, Bombay and Karachi;
- (2) three representatives each from the Associated Chambers of Commerce and of the Federation of Indian Chambers of Commerce and Industry. It is suggested that one representative each should be drawn from Calcutta, Bombay and Karachi;
- (3) three representatives from the Shipping Companies, viz., a representative each from the Asiatic Steam Navigation Company, the Scindia Steam Navigation Company and the British India Steam Navigation Company.

The Governments of Bombay and Bengal are also invited to send an additional representative, should they consider it necessary,

I am to say that the Government of India regret that it has not been found possible to give longer notice of their intention to hold this Conference, and that if for any reason it is found impossible to hold the Conference on the date proposed, it seems unlikely, owing to other commitments of the Government of India, that it can be held earlier than May next in Simla. It is hoped, therefore, that all the bodies interested will find it possible to send representatives. I am, therefore, to ask that you will let me know as early as possible the names of the representatives of your Federation. As the Shipping Companies are being specially invited to send representatives, it is suggested that your nominees should be representative of other interests than shipping.

Letter No. 1658 dated 30th November 1935 from Federation to Chamber.

In continuation of this office circular letter No. F.1636 of the 26th instant, I have now received a telegraphic communication from the Government of India in the Department of Commerce that the 16th December is not found suitable for the meeting of the above Conference and they have, therefore, decided to hold the Conference on Friday the 20th December 1935. It is requested that the change in the date should kindly be made known to those persons who are nominated by the Member-bodies as candidates for the election.

I am further to add that the change in the date of the holding of the Conference does not in any way alter the programme sketched out by this office with regard to the election of the Representatives of the Federation.

Letter No. 3025 dated 4th December 1935 from Chamber to Federation.

I confirm hereby the telegram sent to you today as under:—

“Referring your (No.) 1658, Committee nominate (Mr.) Manu Subedar, President, for Railway Shipping Conference—Inchambu.”

APPENDIX 14

Interview with the Chief and Financial Commissioner for Railways

PRESS NOTE

The Committee of the Indian Merchants' Chamber had an interview with the Chief and Financial Commissioners of Railways on 25th July 1935 and the following is the summary of the discussion that took place at the interview:—

The Committee observed that railways should cut down expenses and stimulate the turnover wherever possible. Sir Guthrie Russell explained that this was exactly what railways had done. They had cut down their expenditure by over 5 crores during the last few years, which was more than any other railway in the world had done. At the same time, he pointed out that there was a limit to such reductions and they could not afford to risk deterioration in their assets by unwise reductions. The Pope Committee, which had examined the question in great detail, had suggested that the only avenues from which considerable economies could now be expected were two, viz., intensive use of locomotive power and amalgamation of railways. As regards the first, railways were going into the question with great thoroughness and in the

current and next year's programmes money was being provided for improved facilities for this purpose. As regards the amalgamation of railways, it was necessary to go slow as it depended to a large extent on the present Company-managed railways being taken over by the State so that they could be absorbed with State-managed railways into a smaller number of larger systems. The question was however receiving most careful consideration.

In reply to the remark that the proposed electrification from Borivli to Virar had not been demanded by public bodies, Sir Guthrie Russell explained that it was a highly remunerative proposition and that in the absence of such extension they would have to renew suburban steam stock immediately. Mr. Subedar pointed out that the electrification from Bombay to Borivli had not resulted in the saving of time, which was promised, or greater frequency of service, and that the original acceleration introduced had been gradually reduced. The Chief Commissioner promised to enquire into this matter.

The Committee said that Stores purchases for railways should be as far as possible made through the Indian Stores Department. It was explained in reply that a very large proportion of the purchases of State-managed railways was actually made through the Indian Stores Department. The advantages of centralised purchases in the case of certain special articles, such as, coal, wagons, sleepers and so on, were obtained by combined purchase by the Railway Board. This had not been handed over to the Indian Stores Department because they had no special facilities for dealing with such work.

The Committee observed that the difficult plight of railways was largely due to the unnecessary reliance put in the past on foreign trade. As an instance they said that the freight on oil and cake from Allahabad to Calcutta was much more than the rate for oilseed. This tended to stimulate traffic to the ports. It was pointed out in

reply that one of the recognised principles of railways rating was that raw material should be carried at lower rates than manufactured or partly manufactured articles because of the large bulk. Sir Guthrie Russell explained further that railways were guided by purely commercial considerations in fixing rates and were not animated by any prejudice in favour of foreign trades. They recognised that the protective policy of Government had resulted in a change in the trend of traffic.

As regards the revision of the classification of goods, Sir Guthrie Russell pointed out that the Conference to be held on the 29th July at Delhi was only a preliminary conference purely to see if anything could be done to simplify the tariff schedule immediately. The commercial community would be fully consulted before any general revision.

The Committee expressed serious doubts whether in the absence of a businessman in the Railway Board traffic problems were being tackled in a businesslike manner. For instance they pointed out that railways stood to gain considerably by quoting special rates to remove basic slag from Tatanagar and salt from Rajputana and Central India sources to Calcutta. The Chief Commissioner promised to consider these two special cases as early as possible. As regards the general question, he pointed out that the New Federal Railway authority would probably contain a large proportion of businessmen.

The Committee expressed the sympathy of the Chamber with regard to the "just complaints of Indian wagon manufacturers" but on the position being explained to them agreed that it was necessary in the interests of the tax-payer that railways should pay competitive prices. They urged that there should be a continuity of orders.

The Committee also expressed themselves in sympathy with the demand made that locomotive boilers and loco-

motives should be manufactured in India. Sir Guthrie Russell explained to them that the Railway Board had recently examined the position at great length and a full report on the proposal would be placed before the Standing Finance Committee for Railways as early as possible.

The Chief Commissioner could not accept the contention of the Committee that the railway administrations had been unable to carry out the Popé Committee's recommendations fully. Apart from the two main recommendations regarding locomotive user and railway amalgamations referred to already, the main recommendation of the Committee had been the carrying out of the detailed job analysis of every activity of the railway in order to reduce costs. This had been done by each railway and had yielded satisfactory results. The process was continuing.

The Committee asked for the re-introduction of 1st and 2nd class coupon tickets for the benefit of business travellers. Sir Guthrie Russell explained that the Railway Board was in sympathy with the suggestion and were trying to devise a procedure to minimise the risks of fraud which had hitherto been proved deterrent. A system of photographs or identification by means of signatures on the coupons was being considered at present. Mr. Subedar said that the Committee would not mind strict conditions being laid down to govern the issue of coupons because they felt that such strictness was called for on account of the frauds that have been discovered. They were prepared to co-operate in any scheme to prevent abuse.

In conclusion Mr. Subedar made certain observations regarding the time taken for locomotive repairs in India as compared with the time taken in Japan. Sir Guthrie Russell promised to send him the latest statistics on the subject.

Letter No. 6314-T dated 27th September 1935 from Railway Board to Chamber.

At the meeting which the Chief Commissioner and the Financial Commissioner of Railways had with the Committee of the Indian Merchants' Chamber in Bombay, on

the 25th July 1935 it was suggested that it would be advantageous to Railways if special rates were quoted for basic slag from Tatanagar and for salt from Rajputana and Central India sources to Calcutta.

Basic slag is charged over the Bengal Nagpur Railway at the lowest rate permissible, i.e., 0.10 pie per maund per mile if it is declared by consignors on the forwarding note that it is for manurial purposes only. As regards despatches from Tatanagar, the Railway Board understand that the Railway Administrations were advised that basic slag to be used for manurial purposes required a definite percentage of phosphorus content and would have to be powdered and passed through a 100-mesh screen and bagged. As the slag produced by the Tata Iron and Steel Company was not sufficiently rich in phosphorus content, the Company did not consider that there were any prospects of sale in basic slag.

As regards salt, I am to say that the Tariff Board in paragraph 60 of their report on the salt industry stated that a reduction in railway freights for uncrushed salt was unlikely to result in any considerable expansion of that traffic, but suggested consideration being given to a reduction in the rates for crushed salt from Khewra, Sambhar and Pachpadra. The rates for such salt from Khewra and Sambhar have been reduced to the minimum normally permissible, i.e., 0.10 pie per maund per mile for traffic to Calcutta, and reduced rates have also been quoted for traffic to stations west of Calcutta. The Bombay Baroda and Central India and East Indian Railways are prepared to quote rates on the same basis for traffic from Pachpadra.

Letter No. 6375-T dated 25th October 1935 from Railway Board to Chamber.

At the meeting which the Chief Commissioner and the Financial Commissioner of Railways had with the Committee of your Chamber at Bombay on the 25th July this

year, a statement was made to the effect that the electrification of the Bombay Baroda and Central India Railway between Bombay and Bōrivli had not resulted in a saving of time or in a greater frequency of service. This point was referred to the Agent of the Bombay Baroda and Central India Railway who states that the original acceleration in the services has not been gradually reduced, and that the electrification of the section has resulted in a saving of time and a more frequent service as will be seen from the following figures for the Bombay (Church Gate) to Borivli section:—

Time taken	
Steam	Electric
83 minutes	62 minutes
Number of trains	
Steam	Electric
70	96 (+6 steam).

APPENDIX 15

Railway classification references from the Indian Railway Conference Association

(The correspondence is not printed: Refer File R. 25 of 1935).

APPENDIX 16

Exemption of Cinema Films from Risk Note "Y"

Letter No. 3048 dated 7th December 1935 from Chamber to the Railway Board.

I am directed by the Committee of this Chamber to address you in support of the representation made by the Motion Picture Society of India to the Indian Railway

Conference Association in connection with the exemption of Cinema Films from Railway Risk-Note 'Y'.

My Committee, on carefully considering the representation of the Society feel that their contention that there had not occurred any loss or damage in the past involving claims by any of the Indian distributing companies is justified and that, therefore, insistence on the part of the various railways for Risk-Note 'Y' for despatch of cinema films is not fair and proper. My Committee further understand that the Railways do not insist on having Risk-Note 'Y' on goods more or less of similar nature as cinema films which are accepted at owners' risk. They, therefore, do not see any reason why cinema films should be meted out a differential treatment from such other goods.

Under these circumstances, my Committee hope that the Railway Board will be pleased to consider favourably the request of the Motion Picture Society of India for exemption of cinema films from Risk-Note 'Y'.

Letter No. 4594-T dated 12th December from Railway Board to Chamber.

I am directed to acknowledge the receipt of your letter No. 3048 dated 7th December 1935 and to say that the matter is receiving attention.

APPENDIX 17

Introduction of the Container Service on Indian Railways

Letter No. 13684-G/59 dated 24th January 1935 from G. I. P. Railway to Chamber.

The question as to whether it would be advisable to introduce a service of containers on Railways in India was discussed at our Local Advisory Committee meeting held

on 10th January 1935, when it was suggested that the Chamber of Commerce who are in close touch with manufacturers and merchants should be written to for their views.

This subject was previously examined by a Committee of Railway Officers under the auspices of the Indian Railway Conference Association and I send herewith a copy of their report which also gives a full description of the containers and explains their uses.

Experiments have recently been carried out on the South Indian Railway and their report indicates that there has been no demand for such containers, except from a Match Company who have agreed to use them, and that the merchants appear to be apathetic in the matter. It is possible that the lack of demand for the containers is due to the general absence of facilities of door-to-door transport, but it was found that even those merchants who possessed motor lorries did not appear inclined to adopt the use of containers.

This Administration would be glad to have the views of the members of your Chamber as to whether merchants would make use of containers if provided by Railways.

Letter No. 320 dated 1st February 1935 from Chamber to G. I. P. Railway.

Your letter No. 13684-G/59 dated the 24th January 1935 on the introduction of container service on railways in India was placed before my Committee at their meeting held on 29th January. To enable them, however, to give their views as to whether merchants would be likely to make use of the containers provided by the railways, they would like to have the following particulars:—

(1) If the proposal for the introduction of container service is accepted, is it proposed to make arrangements to

manufacture containers in this country or whether they are likely to be imported from abroad?

(2) What would be the basis of charges for the use of the containers; would it be by weight or by measurement; what would be the approximate charges per unit either by weight or by measurement?

(3) How would return of empty containers be arranged? Whether the service is intended to be from door to door, i.e., from the consignor's place to the consignee's place?

(4) Whether having regard to the fact that with the introduction of the container service a standard and approved system of packing would be assured, the railways would accept all risks in regard to consignments, thus putting an end to the present unhappy position in regard to the controversy about the use of risk-notes.

On receipt of information on the above points my Committee would consider the matter further and let you have their views on the same.

*Letter No. 13684-G/81 dated 1st June 1935 from the
G. I. P. Railway to Chamber.*

I am directed to reply as under to the questions raised in your above:—

- (i) The containers would be bought in the cheapest market and this would most probably be in India.
- (ii) The basis of charge for the use of containers would be by weight of the actual commodity loaded, according to the existing rates, plus a percentage increase to cover the additional cost to the railway and the additional service rendered to the traders.

- (iii) Empty containers would not necessarily be returned to the original station of despatch. It would be necessary for the Railway to endeavour to secure return loads to avoid light running. It might be possible to agree to a door-to-door service, providing merchants arrange transport of the containers from the station to their premises, and vice versa.
 - (iv) It seems doubtful if the use of containers will render entirely unnecessary the use of packing.
-

*Letter No. 1886 dated 24th July 1935 from Chamber to
the G. I. P. Railway.*

I am directed to acknowledge the receipt of your letter No. 13684-G/81 dated 1st June 1935.

My Committee have further considered this question and, while they seriously doubt the utility of the Container Service in India, having regard to the present organisation of production and competition in this country, they would like to know, if the Railway Administration have worked out any figures of the initial cost to the Railways of such Containers, of the cost of upkeep and repair of the charges to be levied on users when a return traffic can be secured and, of the charges which would be payable when there would be no possibility of return traffic.

My Committee would also like to know the existing conditions for the transport of oil in bulk and to what extent the facilities are always available whenever demanded by the trade. They would like to know whether the question of the bulk transport of oil has been considered in connection with the container service and if so any

memorandum or particulars thereon may be sent to my Committee, who are very much interested in this question.

*Letter No. 13684-G/93 dated 3rd October 1935 from the
Railway to the Chamber.*

In reply to your letter No. 1886 of 24-7-35, I am directed to inform you that no estimate has yet been prepared of the initial cost of containers or of the cost of their upkeep and repair. The cost depends largely upon the size of such containers, the internal fittings that might be required and the weight which they will be designed to carry. At present, we have no information which is likely to be a guide to these three varying conditions.

With regard to the transport of oil in bulk, I am to state that we have at the present time 20 oil tank cars in use for the carriage of vegetable oil. As there is more than one kind of vegetable oil milled in up-country mills, it is our practice to allot oil tank cars to particular oils for individual despatchers. At present, therefore, oil tank cars are not available whenever demanded by the trade, but only when arrangements have been made at the request of individuals. In view of the difficulty of cleaning oil tank cars, it is, at present, necessary to restrict their use as shown above. This restriction in use has the further advantage of reducing light haulage to an amount equivalent to loaded haulage and it is only by this restriction of light haulage that we are able to quote suitable rates for the use of these tank cars which are, it might be noted, more costly to build than ordinary vehicles and are more costly to maintain in good order.

This Administration will be glad to have your Chamber's further views in the matter at an early date.

*Letter No. 13684-G-95 dated 30th October 1935 from the
G. I. P. Railway to Chamber.*

I have to invite a reference to this office letter No. 13684-G/93 of 3-10-35 and to request that your Chamber's further views in the matter may please be intimated to this office at an early date.

*Letter No. 2661 dated 2nd November 1935 from Chamber
to the G. I. P. Railway.*

With reference to your letter No. 13684-G-95 dated the 30th October 1935, I have to inform you that my Committee have no views to offer on the above question.

APPENDIX 18

Railway Receipts to be Negotiable Instruments

*Letter No. 1490 dated 5th November 1935 from the Federation
of Indian Chambers to Chamber.*

As a number of Member-bodies are enquiring about the previous references in connection with the subject, I am directed to state for the information of the Member-bodies that in August, 1932, the Railway Board asked for the views of the Federation on a recommendation of the Indian Central Banking Enquiry Committee that the railway receipts should be placed by the Legislature on the same footing as Bills of Lading and that they should be made negotiable. The Federation sent round a circular to its Member-bodies (*vide* F. 944 dated 8th August 1932) requesting them to submit their views for the use of the Federation on the question. After ascertaining the views from the Member-bodies, the Committee of the

Federation wrote on the 26th of September, 1932, to the Railway Board conveying the opinion as expressed by the Member-bodies to the effect that they were in agreement with the recommendation made by the Indian Central-Banking Enquiry Committee suggesting that Railway Receipts should be by legislature on the same footing as the Bills of Lading and be made negotiable documents.

The Government of India, after considering the matter for over three years, have come to the decision as incorporated in their letter of the 8th October 1935, and circulated to the Member-bodies under endorsement No. F.1407 dated 18th October 1935.

The office of the Federation addressed a further communication in this respect to the Central Bank of India, Ltd., Bombay and the Bank of India, Ltd., Bombay, forwarding to them a copy of the Government's letter referred to above and requesting their views thereon. Copies of the correspondence between the two Banks and the Federation are enclosed for ready reference. I am also directed to enclose a copy of a letter addressed by the Indian Chamber of Commerce, Calcutta, dated 2nd November 1935, on this question.

The President has directed that the question be referred to the Committee of the Federation at their next meeting for consideration. I would, therefore, much appreciate if you would be good enough to convey to me, for the use of the Committee of the Federation, whatever views your Committee have to offer on this question. This should reach this office not later than Monday the 2nd December 1935.

Enclosure to Ref. No. F.1490

Copy of letter dated 26th October 1935 from the Federation to (1) The Central Bank of India, Ltd., Bombay and (2) the Bank of India, Ltd., Bombay, re: Railway Receipts to be Negotiable Documents.

"I am directed to enclose a copy of the letter addressed by the Government of India, Railway Department, to all local Governments and also forwarded to the

Committee of the Federation conveying their decision on the recommendation of the Indian Central Banking Enquiry Committee that railway receipts should be negotiable documents. So far as the views of the Federation are concerned it was never their intention to ask that railway receipts should be made Negotiable Instruments in the sense that the Government have interpreted in paragraph 3 of their letter under reference. The suggestion of the Federation was that the railway receipts should be placed on the same footing as Bill of Lading as regards the passing of the property in the goods by endorsement. The Government of India in their letter say that a railway receipt is already on the same footing as a Bill of Lading as far as the relations between the owners of the goods and the railways are concerned. Before expressing any further views to Government on this question the Committee would like to know your views on the Government's contention that the railway receipts are on the same footing as the Bills of Lading. I shall therefore much appreciate if you would be good enough to convey to me your considered opinion on this question at an early date."

Copy of reply dated 30th October 1935 from the Central Bank of India, Ltd., Bombay.

"We beg to acknowledge the receipt of your letter of the 26th instant together with a copy of the letter addressed by the Government of India, Railway Department, to all local Governments.

We have perused the Government's contention, and agree with the opinion expressed by the Government in the matter herein.

A Railway Receipt is now included in the definition of "documents of title to goods" in Section 2 (4) Sale of the Goods Act 1930. The question to be considered is whether

the delivery of the Railway Receipt duly endorsed would transfer the goods represented by such Railway Receipt. In the case of a Bill of Lading, the transfer of the document operates as a transfer of possession of the property in the goods without the carrier or custodian being notified of the transfer. This exception has been explained on the ground that the goods being at sea, the master could not be notified. In the case of a Railway Receipt in order to effect transfer of possession of the goods of the custodian carrier or warehouseman should be notified of the transfer, and he should agree to hold the goods in future as bailee for the holder.

"We think the recent decision of the Privy Council in the case of the Official Assignee of Madras *versus* the Mercantile Bank has finally settled, and set at rest the difficulties experienced by bankers and mercantile community as regards the pledge of Railway Receipts."

Copy of reply dated 29th October 1935 from the Bank of India, Ltd., Bombay.

"With reference to your letter dated the 26th instant, I beg to state that I am under the impression that a Bank may with reasonable safety grant an advance against a Bill of Exchange accompanied by an invoice and a Railway Receipt in respect of goods specified in the invoice.

I am also under the impression that so long as the Bank holds the Railway Receipt properly endorsed, the goods in transit can properly be regarded as security for the advance granted by the Bank.

This view is supported by paragraph 2 (page 2) of the letter dated 8-10-1935 from the Secretary, Railway Board.

If you will be good enough to let me have available information as to a contrary view, I shall be pleased to consider the matter further."

*Copy of letter No. R. 01238 dated 2nd November 1935
from the Indian Chamber of Commerce, Calcutta.*

"I am directed to acknowledge the receipt of your Circular No. 1407 dated 18th October 1935 forwarding copy of the letter dated 8th October 1935 received by you from the Government of India in regard to the proposal that railway receipts should be negotiable instruments and to forward hereunder the views of the Committee of the Indian Chamber of Commerce, Calcutta, formulated in consultation with the Calcutta Agent of the Central Bank of India.

The reasons given by the Government of India against the negotiability of railway receipts are hardly convincing. Railways as carriers of Goods are in the same position as the Steamship Companies. The Bills of Lading issued by the Steamship Companies are negotiable and no difficulties have so far been experienced in treating them as negotiable. In fact their negotiability has always helped the Mercantile Community in taking advances there against. The same facilities and privileges will be enjoyed by the parties if the Railway Receipts are negotiable and there seems to be hardly any reasons why Railway Receipts should not be treated as negotiable instruments. Under the present conditions of the law, a banker is never safe in making advances against Railway Receipts as he may several times find that the goods have been delivered to the consignee on an Indemnity Bond while the receipts are in the hands of a Banker, who will have no remedy except to have a resort to the Criminal Court for fraud, etc., as Railway authorities will not entertain any claim.

There appears to be a lot of confusion of ideas in the letter from the Government of India as regards the responsibility of Railways if Railway Receipts are made negotiable. All that the Railways will be called upon to do if the Railway Receipts are negotiable will be to deliver the goods to the holder of the Railway Receipt and to none else. It is not necessary to make Railway Receipts

exchangeable for money merely because they are negotiable. Bills of Exchange or cheques are entirely different in that they deal with money and have no connection with goods. On the other hand a Railway Receipt is a document of title and so it is the duty of the Railways to deliver the goods to the Consignee or to any rightful holder of the Railway Receipt. So long as they perform their duty the question about fluctuation of prices of goods is immaterial. Moreover the Railways cannot be held responsible for forged endorsements as the Banks are not liable for forged endorsements on cheques nor have they any liability to pay cash value of goods. The facilities and benefits to the mercantile community due to the negotiability of Railway Receipts will be considerable and as against these advantages, the Railways will have to be careful that the goods are delivered to the rightful holder of the Railway Receipt.

It will be clear from the above reasons that the Railway Receipts should be negotiable to the same extent as Bills of Lading. The Committee of the Chamber are therefore strongly of the opinion that the Federation should represent the case to the Government of India and try to impress upon the Government the necessity of making Railway Receipts negotiable, as recommended by the Central Banking Enquiry Committee.

Letter No. 2874 dated 18th November 1935 from Chamber to the Federation.

With reference to your letter of the 5th instant, No. F. 1490, I am directed by the Committee to express their views on the above as under:—

One of the main reasons for Government not accepting the suggestion of the Federation and of different Chambers of Commerce is referred to by them in para 3 of their letter. It is stated that “the difficulties implicit in such an arrangement rule out the practicability of its adoption”; and Government proceed further to say that “every negotiable instrument, such as a cheque or a bill of exchange, is expressed to be payable in money and its terms can be

readily gathered from the document itself. A railway receipt does not deal with payment of money, but is concerned with delivery of goods." This attempt to draw out an analogy between a cheque or a bill of exchange and a railway receipt is, my Committee think, misleading and unjustifiable. While we want the railway receipts to be negotiable, this does not mean that we want to place them on the same footing as a cheque or a bill of exchange, because the nature of the two is different. At the same time, as was pointed out by my Committee in their previous letter, and as is pointed out by several other Chambers of Commerce, a railway receipt even is now, to some extent, negotiable, as moneys are advanced on the same both by merchants and bankers. The only difficulty, however, is that any party who advances moneys on the railway receipts is not safeguarded in his rights and is in danger of losing the moneys he has advanced. It is more correct to say that railway receipts are wanted to be placed on the same footing as Bills of Lading, which are negotiable and no difficulties have so far been experienced in treating them as such.

If, as Government point out in the second para of their letter a railway receipt is already on the same footing as a Bill of Lading, my Committee cannot understand why any difficulty is felt by them in accepting the suggestion of the Federation and of other Indian Chambers of Commerce.

My Committee hope that these facts would be placed again before Government and a ruling got from them that a railway receipt will henceforward be deemed to have negotiability in the same sense that a Bill of Lading has.

APPENDIX 19

Railway Classification Conference

Letter No. 958 dated 1st July 1935 from the Federation of Indian Chambers to Chamber.

I am directed to enclose a copy of a letter addressed by the Railway Board to the Federation regarding the

proposed meeting of the Indian Railway Conference Association at Delhi with the representatives of trade, commercial and agricultural interests in connection with the revision of the general classification of goods on Indian Railways, and to invite the attention of your Committee to a particular recommendation of the Conference Association reading as under:—

“The Conference is of the opinion that it would assist them very considerably and expedite a solution of the problem in hand if the Railway Board would invite trade, commercial and agricultural interests to assemble a Committee who would meet a committee of the Indian Railway Conference Association who would explain our present-system of rating and obtain from those interests a definite statement of the directions in which in their opinion that system requires simplification and revision.”

It will be seen that the Conference Association are desirous of obtaining from the non-official representatives a definite statement of the directions in which the present system of classification requires simplification and revision and with that view the Railway Board have asked the Federation to nominate two representatives to meet the Committee of the Railway Conference Association at Delhi on Monday the 29th July 1935.

I am desired by the President to suggest to your Committee that as the question of the revision of the classification coming before the Conference Association is of vital importance to trade, commerce and industry of the country, your Committee will no doubt have this consideration in mind in nominating persons experienced in the rates policy of railway administrations and who will contribute towards better solution of this complex subject which is affecting every phase of economic life of India.

The time at the disposal of the Federation is so short that the Member-bodies are requested to particularly adhere

to the programme outlined below as regards the final dates for nomination of candidates and for recording of votes:—

- (i) Member-bodies are requested to forward the name of candidates whom they desire to nominate for the election of two representatives of the Federation, to reach this office not later than Friday the 12th July 1935. Nominations received after that date will not be forwarded for election.
- (ii) Member-bodies, before nominating a particular person for election, should ascertain from the person that he is willing to represent the Federation, if elected, and to attend the meeting at Delhi on the 29th July 1935.
- (iii) Names of candidates nominated will be forwarded to the Member-bodies on Saturday the 13th July, and votes will be recorded till the midnight of Monday the 22nd July 1935.

I hope the Member-bodies will kindly adjust the meetings of their Committees to enable them to nominate and record their votes in time and have accordingly to request you to forward your nominations to reach this office not later than Friday the 21st July 1935.

Copy of letter No. 3310-T dated Simla, the 26th June, 1935, from the Director, Railway Board, to the Federation, re: Revision of the General Classification of Goods on Indian Railways.

“I am directed to state that the Railway Board have had under consideration for some time the question of a revision of the General Classification of Goods and, in this connection, I am to refer you to the debate in the Legislative Assembly on 24th February 1934 on the Railway Budget, during the course of which the Honourable Sir Joseph Bhore explained (*vide* Page 1338 of Legislative

Assembly Debates, Volume II, No. 6) that a basic revision of the nature contemplated involved an effect on railway revenues and on trade which was so great that it could not be embarked upon without obtaining all relevant statistics. He also stated that the Indian Railway Conference Association had taken up the matter, and that the collection of statistics would be undertaken at the earliest opportunity.

The Indian Railway Conference Association constituted a special committee to consider and report as to what statistics Railways should compile for this purpose. This Committee's report was considered by the Conference Association at their meeting in October 1914 and again in March 1935, and action on certain of the recommendations made by the Association is now being taken. One of their recommendations which I am now to communicate to the Federation, reads as follows:—

“The Conference is of the opinion that it would assist them very considerably and expedite a solution of the problem in hand if the Railway Board would invite trade, commercial and agricultural interests to assemble a committee who would meet a committee of the Indian Railway Conference Association who would explain our present system of rating and obtain from those interests a definite statement of the directions in which in their opinion that system requires simplification and revision”.

The Railway Board agree with the view of the Conference Association and would be glad if the Federation would agree to nominate two representatives to meet a Committee of the Indian Railway Conference Association at Maiden's Hotel at 12 noon on Monday the 29th July 1935. The Board are endeavouring to arrange for a similar number of representatives from the Associated Chambers of Commerce of India, the Central Advisory Council for Railways and the Imperial Council of Agricultural Research to attend this meeting.

I am to add that the Railway Board regret that it has not been possible to give longer notice of the proposed meeting, but they hope it will be possible for the representatives of the Federation to attend the meeting at Delhi on the 29th July. Free railway passes for the gentlemen nominated to travel to Delhi and back will be forwarded by the Railway Board on hearing from you."

Letter No. 1707 dated 10th July from Chamber to the Federation.

I beg to confirm the following telegram sent to you today:—

"Referring your letter F 958 dated 1st July Committee nominate Messrs. Manu Subedar and Nalini Ranjan Sarkar as Federation's representatives on Railway Goods Classification Conference. Inchambu."

APPENDIX 20

Report of the representatives of the Federation re: the Classification of Goods Conference

Copy of a report submitted by Messrs. Kasturbhai Lalbhai and D. P. Khaitan, on the work done at the I. R. C. A. Conference.

We beg to submit our report of the Railway Conference held on the 29th of July 1935, at Maidens Hotel, Delhi.

This was the first occasion when the Indian Railway Conference invited two representatives each from the Federation of Indian Chambers of Commerce and Industry, The

Associated Chambers of Commerce of India, The Agricultural Research Council and a representative from the Railway Advisory Committee. We went to this Conference as the elected representatives of the Federation of Indian Chambers of Commerce and Industry.

The Agents for several Railways were present at the Conference. Mr. D'Souza of the Railway Board was also present.

Mr. Venables was in the Chair.

He briefly explained the three principles on which the present railway rates structure is based, namely:—

1. That the total charges collected for services rendered are sufficient to meet the working expenses of the Railways, plus the fixed interest charges on the invested Capital, plus a small profit.
2. The grading of the incidence of Charges amongst the various commodities according to their capacities to meet them.
3. Wherein any particular instance for geographical or other reasons a commodity is unable to bear the charges fixed for that commodity, under principle (ii), the administration is prepared to, and does offer to carry it at a lower charge if it will not otherwise move.

He then desired to know what suggestions we had regarding the simplification of the classification of freight rates.

We expressed satisfaction at the steps the Railway authorities have taken in calling the Conference to learn at first hand our difficulties and the grievances we had in the matter of freight rates. We also pointed out that not being provided with any agenda, our task has been made

somewhat difficult; and expressed a hope that this will be a beginning of the new policy that the Railway authorities will follow in future in framing the classification of freight rates.

We were told that the general reduction in the rates was out of the question in view of the fact that the Railways were none too prosperous. If it was desired to lower the freight on one commodity, we should be prepared for an increase on the other.

Considering the exports of Agricultural Produce is greatly handicapped to some extent due to our Railways' policy, we submitted the accompanying note to the Conference.

We received several representations from various Chambers to press for particular claims, but this was not possible as we were to confine ourselves to the question of principles.

In submitting our note, we purposely refrained from discussing certain aspects of the Railway freight policy, because of our fear that in doing so we may be misunderstood in certain quarters.

We do not deny that general anomalies of the most glaring character came to our notice during our study of the subject; but in our view this could best be remedied by the Chambers of each province taking up the matter with Railways concerned instead of pressing for general overhaul of the whole freight system.

The Conference authorities have promised to devise a system whereby it will be possible for a merchant to obtain a quotation of freight rate without much loss of time. This has been in response to the point that was pressed in the last paragraph of our note and also by the Associated Chambers of Commerce.

We also stressed the great hardship the Commercial Community is obliged to undergo, because, while two Railways may be agreeable to reduce the freight on a particular commodity, the adamant attitude of a third Railway may not make it possible to obtain a reduced rate and develop the trade of that centre.

We also stressed the great necessity of the hour to develop the export of Agricultural produce. The Representative of the Research Council pointed out several instances in which the rates were far heavier on Agricultural produce as compared with other articles.

The Conference recognised the need for a change, but it is only practicable if proper statistics are available.

It appears to us from the discussion that the authorities are contemplating a proper collection of statistics in order to enable them to adjust the freight rates without involving any reduction in revenue. We pointed out the anomaly that is existing between the Railway risk note and the owner's risk note. This has met with sympathetic consideration.

It is probable that this question may come up for consideration again before such a Conference or between different Chambers and the Railway representatives.

In urging for any general revision partial or wholesale, we wish the representatives of trade will keep in view the fact that in asking for a through telescopic rate they may be advocating the cause of foreign Importers against the indigenous producers. The Indian mercantile community would do well to get their grievances removed by securing relief in particular cases.

APPENDIX .

We beg to submit the following as our considered opinion and also the opinion of the Chambers that we represent:—

We believe that in a country like ours, both in the interests of the Railways and the general public, a freer movement of goods, particularly agricultural, over short and long distances, should be one of the main objectives of the classification and rate-making policy. We also believe that as the prosperity of a country depends upon the existence and maintenance of a large export trade, it is essential that the freight of all classes of goods moving portwise should be considerably more adjusted to that ideal than it is at present. In this connection it has several times come to our notice that the development of a particular class of traffic is hindered because, out of the several systems of Railways over which it has to pass, one would obstinately refuse to allow the concessions that others are granting. We, therefore, press that where traffic is carried on more than two systems if two or more systems agree to quote a particular rate, the remaining system or systems should also agree thereto.

At the same time we also feel that the Railways should pay greater attention to the importance of short distance traffic than they have done so far. The fast-changing conditions of the country particularly the growth of road traffic makes it imperative that if the Railways do not want to lose their traffic their rates should be so adjusted that not only they derive the maximum benefit out of the existing volume of traffic but there is also a growth of the traffic itself.

While we recognise that the cost of a haul should be taken into consideration, we feel that the movement of goods inside the country will be greatly encouraged and a greater balance in the productive capacity of the country

realised if the freight rates had greater relation to the values of goods carried.

All the traffic must be carried at Railway Risk, as it is the practice in most of the advanced countries of the world. We believe this is practicable, in view of the fact that the Railway Authorities have been able to considerably check the leakage and shortage, which was a common feature in the post-war period. Even if it be considered not a feasible proposition to carry all the traffic at the Railway Risk, we feel unless the Railway Risk rates have a bearing to the actual risk involved, the Railways are unnecessarily losing the revenues they would derive from such rates, as people are forced to make use of the Owners Rates. There should be a greater uniformity in the terminal charges and they should not exceed the cost of services rendered.

The use of sidings should be encouraged and the assisted siding terms should be made more liberal and the siding charges should be calculated on the basis of adding the siding distance to the distance over which the goods are carried.

Correct quotation of rates should be furnished to merchants within 24 hours and if arrangements cannot be made at every station to give this information, it should at least be made at every divisional station.

**Summarised Proceedings of the Meeting of the I. R. C. A.
Committee held on 29th July 1935**

The Conference was held at Delhi on Monday the 29th July 1935 and was attended by Agents, E. I. Railway, G. I. P. Railway, M. S. M. Railway, B. & N. W. Railway, and the N. S. Railway and Commercial Traffic Manager B. N. Railway. Besides these Officials it was attended by Representatives of the Associated Chambers, Imperial Council of Agriculture Research, Central

Advisory Council for Railways and the Representatives of the Federation, Messrs. Kasturbhai Lalbhai and D. P. Khaitan.

The Chairman, Mr. Venables, in welcoming the Representatives of trade, commerce and agriculture opened the meeting with the following remarks:—

Gentlemen, this meeting is the outcome of a genuine desire on the part of the Railway Administrations to come to an understanding on the difficulties experienced by railway users in the way of the goods tariff and in the matter of rates generally. We very much appreciate your readiness in responding to the invitation of the Railway Board to come and meet us here today. Some of you have come from long distances and at considerable inconvenience, giving up great deal of your valuable time which you cannot easily spare from your headquarters. We thank you for coming here and we hope that at the conclusion of this meeting you will feel that your time has not been wasted. We hope that we shall have at any rate laid the foundation of an understanding among the several interests concerned which will lead to methods being adopted which will make for the prosperity of the Railways and all the other interests concerned. I think it will probably be wise if I start by explaining the principles on which the present rating policy is based. Unless and until these are understood, some of the rating practices appear to have neither rhyme nor reason to support them.

The Principles are in the main three:—

(i) First of all, it is the duty of the Administration to ensure that the total charges collected for services rendered are sufficient to meet the working expenses of the Railway, plus the fixed interest charges on the invested Capital, plus a small profit. It may be taken as axiomatic that the

first duty of the Administration is to ensure that railways are solvent and do not become a burden on the general tax-payer. In passing it may be remarked that in practice this profit is strictly limited (by the pressure of public opinion) either directly or indirectly.

(ii) Secondly, the incidence of these charges is graded over the various commodities, to some slight extent relatively to the difficulty of transporting them, but mainly according to their capacities to bear higher or lower charges. This is generally referred to as "charging what the traffic will bear", which is rather an unfortunate expression as it will possibly be interpreted as a determination to extract the uttermost farthing. It may be as well, therefore to make it clear at the outset that it means nothing of the sort, but only the grading of the incidence of charges amongst the various commodities according to their capacities to meet them.

(iii) Thirdly, where in any particular instance for geographical or other reasons a commodity is unable to bear the charges fixed for that commodity, under principle (ii), the Administration is prepared to, and does offer to carry it at a lower charge if it will not otherwise move.

The machinery for putting into effect those principles is the general classification of goods. In this classification, there are 10 classes, the charge being progressively higher in passing from No. 1 to No. 10. Every commodity is assigned to one or other of these classes and with few exceptions the class is the same on all railways. For each class, the maximum maund-mile rate is fixed by the Railway Board, thereby protecting the interests of the public, and for each class a minimum rate is also fixed by the Railway Board to prevent the quotation of unecono-

mical charges. Once a commodity has been assigned to a class, each railway may vary the charge for that commodity within the maximum and minimum rates fixed for the class.

Now, Gentlemen, I would ask you to state your case.

Mr. Lyttelton on behalf of the Associated Chambers of Commerce read a note while the following members addressed the meeting:—

Mr. B. C. Burt.

Mr. Kasturbhai Lalbhai.

M. R. Ry. Sami Vencatachelam Chetty.

The Hon'ble Sir Jogendra Singh.

Each of the non-official members spoke at length during the afternoon discussions and although various points were touched on, there was no criticism of the actual rating system or structure.

The main complaints fell under three headings, viz:—

First, the difficulty of getting railways to quote firm rates. The present procedure is that when a railway office quotes a through rate in writing, a proviso is always added that the rate quoted is subject to confirmation by the foreign railways concerned and is, therefore, liable to correction.

Secondly, the delay that occurs in getting quotations.

Thirdly, the need for a simple rates book or books that traders could interpret themselves.

The I. R. C. A. Committee agreed that these points constituted a grievance and must be a handicap to the smooth and easy working of trade and business.

The question of what constituted a "firm rate" was discussed and it was urged that a rate quoted by a

railway for a specific commodity to a definite destination should under no circumstances be corrected, and that the loss consequent on any mis-quotation should be borne by the railway quoting the wrong rate. This arrangement would also cover the quotation of rates by stations to the extent that rates given by sending stations should not be corrected at destination. It was urged that railways should examine the whole situation in this regard immediately.

The general opinion of the Chambers was that at least 3 months' notice should be given of all changes in rates whether rates were lowered or raised.

It was further suggested that, to avoid the present delay in obtaining from the Head Office concerned a quotation for a through rate, arrangements be made for this information to be obtained from the Divisional or District Office.

The introduction of Information Bureaus was stressed and although the necessity was not felt by merchants in large cities at which the headquarters of railways were situated, it was strongly urged that Bureaus be instituted at other large commercial centres such as Cawnpore, etc. The Committee agreed that this also would receive the attention of railways.

A proposal was also put forward that additional classes be interpolated between the ten existing classes of the Goods Tariff so that the present big difference in certain cases between O. R. and R. R. may be reduced. It was explained that this matter was already receiving the attention of the Association.

Mr. Kasturbhai Lalbhai suggested that representatives of the Chambers of Commerce might be permitted to attend the meetings of the Commercial Committee whenever a question of changes in the Goods Classification was being discussed, so that they may have an opportunity of putting forward their views.

It was pointed out that particulars of proposals for classification or re-classification of commodities are usually circulated to the various Chambers of Commerce for their remarks before being dealt with by the Commercial Committee; but that in response to the desire of the Federation of Indian Chambers of Commerce and Industry to attend meetings of the Commercial Committee, instructions had recently been issued by the Railway Board for Commercial Officers to grant interviews to representatives of Chambers of other trade associations on their applying for such interview, so that questions relating to subjects that have been referred by the General Secretary, Indian Railway Conference Association, to the Commercial Committee for an expression of their views may be discussed.

Sir Jogendra Singh pointed out that such consultations should also be extended to the ministries of agriculture of Provinces so that agricultural interests may be brought into closer contact with railways.

The meeting terminated with a vote of thanks to the Chairman.

APPENDIX 21

Freight on Cocoanut Oil

Letter No. 808 dated 19th March 1935 from Chamber to the B. B. & C. I. Railway.

The attention of my Committee has been drawn to the disparity in railway freight rates on Groundnut and Cocoanut Oils. They understand the freight on groundnut oil from Bombay to Delhi is Rs. 1-6-4 per Bengal maund on a wagon load of 300 maunds; while the freight rate on cocoanut oil for the same destination and load is Rs. 1-9-8 per maund.

Both the oils are edible oils and the work involved in the transport of consignments of the two is the same. My Committee are, therefore, unable to appreciate the difference in freight rate.

It would appear that on a representation in this connection from a member of this Chamber, in the years 1933, it was pointed out that the relatively higher price of cocoanut oil accounted for the difference in freight rates. While my Committee are unable to agree to the justification of such a contention, they would point out that at present even such an extenuating circumstance does not exist. The price of cocoanut oil, on the contrary, has gone down. My Committee would, therefore, like to know if there are any reasons from the railway point of view justifying this disparity and, if not, whether they propose to remove the same.

My Committee also understand that the oil trade from Bombay at stations in the Punjab like Amritsar is being displaced by oil transported from Karachi. Punjab is considered to be a good market for oils and in the interests of the Bombay milling industry the Railways should quote special station-to-station rate for centres like Amritsar. In this connection, it may be pointed out that for Cawnpore, a distance of about 839 miles from Bombay, the G. I. P. Rly. is quoting a special rate of Rs. 1-2-0 per maund of cocoanut oil. Similar specially reduced rates should be allowed by the B. B. & C. I. Railway also for Delhi and for centres in the Punjab.

As my Committee desire this matter to be discussed at the next meeting of Group No. I of the Closer Contact Committee, I shall be glad to receive your reply at an early date.

*Letter No. T.12.C.36 dated 30th April 1935 from the
B. B. & C. I. Railway to Chamber.*

In the Indian Railways' General Classification of Goods Oils Division C, to which are indexed Cocoanut and Groundnut oils, is classified 4th class at Railway Risk and 2nd class at Owner's Risk, and the ordinary classified rates for both these oils from Bombay to New Delhi and via are as follows:—

	To New Delhi.			To Via New Delhi.		
	At R. R.			At O. R.		
	Per maund.			Per maund.		
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Cocoanut Oil	2 9 3	1 12 4	2 8 6	1 11 7		
Groundnut Oil	2 9 3	1 12 4	2 8 6	1 11 7		

The following special, reduced rates are however in force for these Oils in wagon loads, at owner's risk, from Bombay, Karachi and Howrah:—

	To New Delhi		To Via New Delhi	
	Per maund.		Per maund.	
	Rs. a. p.		Rs. a. p.	
Cocoanut Oil, W/300, O.R.L.	1	9 8	1	9 0
Groundnut Oil, W/300, O.R.L.	1	6 4	1	6 4

but in view of the fact that the price of Cocoanut Oil has gone below that of Groundnut Oil, as will be seen from the following figures, the same special rate as for Groundnut Oil, viz., Rs. 1-6-4 per maund, is being notified for Cocoanut Oil from Bombay to Delhi and via, with effect from 1st May 1935 in local booking and from June 1935 in through booking.

	April 1933.	April 1934.	April 1935.
	Per maund.	Per maund.	Per maund.
	Rs. a. p.	Rs. a. p.	Rs. a. p.
Cocoanut Oil	3 12 0	2 3 0	3 5 0
Groundnut Oil	3 0 0	2 7 0	4 5 0

As regards the rates from Bombay to Amritsar, since the latter station is situated on the N. W. Railway and

as the traffic from Karachi to that station is the local traffic of the N. W. Railway, it is not possible for this Railway to compete for traffic from Bombay.

Letter No. 1128 dated 9th May 1935 from Chamber to the B. B. & C. I. Railway.

I am directed to acknowledge receipt of your letter No. T.12.C.36, dated 30th April 1935, and to state that my Committee are gratified at your reply that the special rate for Cocoanut Oil from Bombay to Delhi and via, as for Groundnut Oil, viz., Rs. 1-6-4 per maund, is being notified with effect from 1st May 1935 in local booking and from 1st June 1935 in through booking.

APPENDIX 22

Enhanced freight on grain and seeds from certain stations on the G. I. P.

Letter No. 2894 dated 21st November from Chamber to Mr. Gordhandas G. Morarji, representative on the G. I. P. Advisory Committee.

The accompanying letter from the Grain Merchants' Association regarding enhancement in freight on grain and seeds from certain stations on the G. I. P. Railway was considered by the Committee at their meeting held on the 19th instant when it was decided to refer the matter to you with a request that you will kindly take up the same with the G. I. P. Railway Authorities so that the question might be settled satisfactorily. You will, therefore, please do the needful in the matter at your earliest convenience and let me know the result thereof.

Copy of letter dated 16th November 1935 from the Acting Secretary, The Grain Merchants' Association, Bombay, to the Secretary, Indian Merchants' Chamber.

"I am directed to send you herewith a copy of the representation addressed to the Chief Traffic Manager, G. I. P. Railway, requesting the Railway Authorities not to increase the railway freight on grain and seeds to Bombay from stations between Itarsi and Jubbulpore for favour of support by your Chamber."

Copy of letter dated 14th November 1935 from the Hon. Secretary, The Grain Merchants' Association, to the Chief Traffic Manager, G. I. P. Railway.

Enhancement in railway freight on grain and seeds from certain stations on the G. I. P. Railway

"I am directed by the Managing Committee of this Association to address to you this letter in connection with the above subject.

It has been represented by members of this Association that your Railway has decided to charge an enhanced rate of freight to Bombay on grain and seeds from stations between Itarsi and Jubbulpore.

The following table gives a comparative statement showing the rates of freight charged at present and the new rates:—

<i>Stations.</i>	<i>Present rate.</i>	<i>New rate.</i>
	Rs.	Rs.
Bhitoni	0 10 6	0 12 7
Gotegaon	0 11 3	0 13 6
Karakbel	0 11 6	0 13 3
Kareli	0 11 8	0 13 7
Narsingpur	0 11 9	0 13 6
Gadarwada	0 12 3	0 13 5
Pipariya	0 12 9	0 13 1

The above table shows that the proposed increase in the rates is large enough to adversely affect the trade in

these commodities of this city. It is now common knowledge that the trade of Bombay over and above being subjected to the devastating effects of the economic depression in common with the rest of the country, is within recent years of suffering from a special evil, viz., diversion of trade. My Committee therefore feel the very just apprehension that the enhancement in the present rates would accentuate the already acute diversion in the trade of grain and seeds of the city.

It may be pointed out that my Committee have also received representations from the upcountry merchants whose trade in those centres will greatly suffer on account of the enhanced rates.

In view of the above my Committee request the authorities not to increase the present rates of freight from the Railway stations between Itarsi and Jubbulpore whose rates it has been decided to increase.

My Committee learn that the proposed new rates of freight will come into effect from the 1st December 1935 and hence would strongly urge on the authorities to treat this representation as urgent and immediately move in the matter."

Letter No. 69 dated 10th January 1936 from Chamber to the Grain Merchants' Association.

With further reference to your letter of the 16th November 1935 I have to inform you that the Chamber's representative on the G. I. P. Railway Local Advisory Committee, to whom the matter was referred to, now writes to me as under:—

"I am enclosing herewith a copy of letter dated 14th December, which I have received from the G. I. P. Rly., in connection with the enhancement in Railway freight on Grain and Seeds on certain stations on the G. I. P.

Railway. This is in reference to your Office No. 2894, wherein you had requested me to take up this matter with the Railway Authorities, and I am therefore sending you the reply I have received in this connection. For the reasons stated in the letter, the Railway Authorities are unable to make any reduction in the rates. However, if the traders still feel that something further should be done in this matter, I shall be glad to receive further representation from them so as to enable me to take up this matter with the Railway Authorities once again."

Please therefore let me hear from you if you have anything further to say in the matter.

*Copy of a letter No. RC4/1055 dated 14th December 1935
from the Chief Traffic Manager, G. I. P. Railway,
to the Grain Merchants' Association.*

In continuation of my letter No RC 4/1055 dated 16th November 1935, I beg to state that the question of rates for grain, pulses and seeds from stations between Gadardwada to Bheraghat on the Itarsi-Jubbulpore section to Bombay has been looked into.

The existing rates for grain, pulses and seeds from the stations under reference to Bombay have been in force from 1-1-1928 and are much lower than the ordinary rates. There was then a special rate of Re. 0-9-0 per md. for this traffic from Jubbulpore and Madan Mahal to Bombay and it was then noticed that traffic was being booked to Madan Mahal and then rebooked to Bombay. These rates are based on the rates available by rebooking the traffic at Madan Mahal.

With effect from 1-3-1934 the special rate for this traffic from Madan Mahal to Bombay has been increased from Rs. 0-9-0 per md. to Rs. 0-10-6 per md. Consequent

on this increase, the rates from the other stations should also have been increased; but unfortunately this was overlooked. This led to requests for reduced rates from other stations. The question of rates from these stations to Bombay was looked into afresh and revised rates quoted equal to the rates available by rebooking at Madan Mahal after 1-12-1935. In the case of Kareli, Bohani and Gadarwada, the rates on CB/CJ schedule work out cheaper than the rates available on rebooking at Madan Mahal and hence the former will be charged. The enhancement in the rate from Pipariya to Bombay is due to the enhancement of terminal charges in local booking from 12 pies to 16 pies per md.

The revised rates are being brought into force from 1-1-1936 and not from 1-12-1935. It will be noticed that the rates to be introduced from 1-1-1936 are quoted on the same basis as the rates which are in force at present and I regret my inability to make any reduction in these rates.

APPENDIX 23

Transport of Oil in Bulk

Letter from Chamber to Mr. Gordhandas Morarjee, representative on the G. I. P. Railway Advisory Committee.

The accompanying letter from Messrs. Ahmed Oomarbhooy & Co. regarding facilities for the transport of oil in bulk over the G. I. P. Railway came up for consideration at the meeting of the Committee yesterday, when it was decided to refer the matter to you with a request that you will please take such action as you think best in the matter. I am accordingly sending to you a copy of the letter. You will please do the needful at your early convenience.

*Copy of a letter addressed to the Chief Traffic Manager,
G. I. P. Railway, dated 24th October 1935
by Messrs. Ahmed Oomarbhoj.*

We beg to bring to your kind notice that we have recently opened an Oil Mill at Raichur on a large scale and request your co-operation in supplying us tank wagons for transport of oil from Raichur to Bombay and for long distance such as Delhi, Amritsar, etc.

Our present need of tank wagons is in view of our working is for one every alternate day for Bombay and we are negotiating to dispose off oil to stations in Punjab to which we are sanguine that we shall succeed immediately.

The undersigned had a short conversation this afternoon with the officer in charge of tank wagons from which we gather that at present you have no sufficient wagons to allot to us for our need and that we shall be treated in turn of requisitions as a general rule. Well, we may stand a third class preference in this matter but we may mention here that ours is a new venture and the same being on large scale if we are not backed by Railway our position will be quite disappointing and just to meet us at half the way we request you to allot us tank wagons available with your goodself.

At present the real needed party may not be deserving the allotments and perhaps the Railway may have bitter experience regarding undue delay and detentions of the wagons, we assure you that ours is a quite different concern of Oil Millers in Bombay which stands first in the list of Oil Millers and can be well enquired by your goodself of our regular dealings.

We must recall here that first tank wagon was persuaded and introduced by the undersigned for Llyalpur when worked with Haji Valimahomed Oomarbhoj and

similarly when we have started at our stations and when there is ample crop of seeds this season, we are hopeful that there is every possibility of large transit this year.

Under the circumstances, we request you to arrange to convert the possible rolling stock if the Railway cannot cope with the present demand and in our case, we assure your goodself again that we can undergo any guarantee with the Railway to fulfil the engagement. You will please see that ours is a crying need and we trust that you will try to meet our demand.

Letter dated 15th November 1935 from Mr. Gordhandas G. Morarjee to Chamber.

I thank you for your letter No. 2681 of the 6th instant regarding facilities for the transport of bulk oil over the G. I. P. Railway required by Messrs. Ahmed Oomarbhoj & Company. In this connection I have personally seen the Railway authorities along with the representation of Messrs. Ahmed Usmanbhoj & Company, and have strongly recommended their case to be attended by the Railway authorities at the earliest opportunity. I hope the required relief will be given to them at an early date.

APPENDIX 24

Introduction of Round Tour Tickets

Letter No. V.1085 dated 13th August 1935 from the Publicity Officer, G. I. P. Railway, to Chamber.

It is proposed shortly to issue Round Tour Tickets on payment of the concessional rate of three-quarters of the full fares.

The tours may be restricted to one railway or may extend over several railways, the condition required being that the distance travelled should not be less than 2000 miles.

To enable us to make arrangements in this connection, it will be appreciated if you can suggest one or two such tours restricted to the G. I. P. Railway which, in your opinion, will be suitable for the tourist, the *pilgrim* or the *businessman*.

An early reply will be much appreciated.

Letter No. 2153 dated 29th August 1935 from Chamber to the Publicity Officer.

With reference to your letter No. V.1085 dated the 13th August 1935 for Round Tour Tickets, I am directed by the Committee of this Chamber to reply as follows:—

In the first place my Committee think that the mileage of the G. I. P. Railway is not sufficient to complete one single or return journey of 2000 miles. Under the circumstances the benefit of the concessional rate of three-quarters of the full fares for the Round Tour Tickets is of doubtful utility to businessmen.

Secondly if the introduction of the Round Tour Tickets is contemplated as a substitute for the Mileage Coupon Tickets for commercial travellers, the re-introduction of which my Committee have been insisting time and again, they cannot support the new scheme.

APPENDIX 25

Directory of Commodities published by the G. I. P. Railway

Letter No. V.860/P.III dated 19th September 1935 from Publicity Officer, G. I. P. Railway, to Chamber.

I enclose herewith a copy of a Directory of Commodities which was issued a few years ago by the G. I. P.

Railway. It is realised that this Directory leaves a great deal to be desired and it is the intention of this Administration to publish, if possible, a Directory which will better meet the requirements of the public.

As members of your Chamber are likely to be interested in this project, I shall be much obliged if you will place the question before them and, after consideration, favour me with any suggestions for improving the Directory with the object of making it a publication which will be of definite value to those likely to use it.

It will be much appreciated if you will favour me with a reply by the middle of November 1935.

*Letter No. 2660 dated 1st November 1935 from Chamber
to the Publicity Officer.*

With reference to your letter No. V.860/P.II dated the 31st October (reminder), I have to inform you that my Committee have no views to offer on the above question.

*Letter No. 2872 dated 19th November 1935 from Chamber
to Mr. Gordhandas G. Morarjee.*

With reference to your letter of the 15th instant, I may inform you that the Committee had decided not to offer any views to the Publicity Officer, G. I. P. in regard to the question of publication of the Directory of Commodities. I am sending to you herewith a copy of my letter No. 2660, dated 2nd November 1935. Just the same the Committee decided to request you to obtain from the Railway Authorities full particulars regarding cost of the publication,

and I had written to you on 23rd October (letter No. 2515), requesting you to kindly do the needful in the matter. I hope this will clear up the position in regard to the Committee's attitude regarding the publication of the Directory of Commodities by the G. I. P. Railway.

If you now feel that the matter should be again brought before the Committee, I shall be glad to do so at the next meeting of the Committee, after hearing from you.

Letter No. 3103 dated 11th December 1935 from Chamber to Mr. Gordhandas G. Morarjee.

In continuation of my letter No. 2872, of the 19th November 1935, regarding the proposal of the G. I. P. Railway to publish the Directory of Commodities, I am desired by the Committee to request you to make such suitable suggestions as you may think necessary for the improvement of this publication.

APPENDIX 26

Introduction of British method for counting words in the Indian Telegraph Service

Letter dated 31st October 1935 from the Director-General of Posts and Telegraphs to Chamber.

I am directed to inform you that it is proposed to revise the existing rules for counting unintelligible combinations of letters in Indian inland telegrams so as to bring these rules into line with the rules in force in Great Britain, France, Germany, Italy, the dominions and the majority of other countries in the world. From Clauses 377

and 386 of the Indian Post and Telegraph Guide it will be observed that the existing method of counting such combinations is different according as the telegrams are written in code language or in cipher. In the case of code telegrams, there are certain restrictions as to the formation of code words in the text, which must not also exceed ten letters in length while in the case of cipher telegrams the words may be formed in any way and they are counted at five letters to a word.

With a view to adopting a uniform method of counting unintelligible combinations of letters in all telegrams whether in code language or cipher, and in view of the fact that representations have been received from some commercial bodies for modifying the existing complicated rules relating to code language telegrams and abolishing the requirement that vowels must be included in certain proportions in each group of letters, it has been proposed to introduce in the Indian inland service the same procedure as in the British Post Office, viz., that all words not forming part of a modern language and all combinations of letters not forming recognisable words should be counted at 5 letters to a word in the text of a telegram. This implies that unintelligible combinations of letters without any restriction as to their formation, would be accepted in inland telegrams irrespective of their length and would be counted for the purpose of the charge at one word for each 5 letters plus one word for any excess. It would also mean that 'en clair' words of 15 letters would be accepted as one word in *all* telegrams, which under the present rules are counted at 10 letters to a word in the case of mixed telegrams containing both plain language words and code words.

I am to add that the Director-General would be obliged to have the opinion of your Chamber Association in the matter.

Letter No. 2764 dated 15th November 1935 from Chamber to the Director-General.

With reference to your letter No. T-319/35, dated 31st October 1935, I am directed by the Committee of this Chamber to inform you that when this question came up for their consideration in 1934, they had forwarded their views to you (*Vide* this Office No. 265, dated 30th January 1934), expressing their inability to accept the proposal to introduce the 5-letter code system in inland telegraph service. Your letter under reply has not disclosed any additional grounds which would justify reconsideration of my Committee's attitude on the question. My Committee are, therefore, not in favour of the proposal contained in your letter under reference.

APPENDIX 27

Disparity in Postal Rates between U. K. and India

Letter No. 2440 dated 3rd October 1935 from Chamber to the Director-General of Posts and Telegraphs.

I am directed by the Committee of this Chamber to address you, as under, in connection with the disparity in Postal rates both ordinary and air mail, between India and England and vice versa.

The comparative rates for letters at present are as follows:—

<i>Ordinary.</i>	<i>Per unit.</i>
From India to England.	Rs. 0. 2. 6.
„ England to India.	1½d.
<i>Air Mail</i>	
From India to England.	0. 7. 6.
„ England to India.	6d.

It will be observed from the above that the Postal rates for ordinary mail and air mail from India to England are much higher than such rates from England to India.

My Committee submit that this disparity in Postal rates between India and England is unjustified and constitutes an avoidable burden not only on the commercial community but the general public of the country. It cannot be suggested that the traffic outward is materially different from the traffic inwards. If there is any special reason arising from excessive mail subsidy by the Government of India to Messrs. P. & O. Steam Navigation Co., Ltd., which justifies this burden on the Indian public, the Committee of the Chamber would request Government to let them have full details thereof. In these days of enlightenment, when intercourse between one country and another by way of exchange of letters and communications is highly necessary, it is but proper that any impediment in the way of such intercourse should be removed. My Committee would, therefore, like to emphasise the necessity of bringing the Postal rates, both Air mail and Ordinary mail, from India to England in parity with those from England to India, as it would stimulate greater postal traffic from India to England.

Government cannot be unaware of the strong feelings entertained by the commercial community in this country in this regard. My Committee hope, therefore, that Government will be pleased to remove, at an early date, the disparity and reduce the Postal rates, both ordinary and air mail, on letters, etc. from India to England to the same level as is chargeable on those from England to India.

Letter No. FM-141/35 (Air), dated Simla, the 17th October 1935, from the Dy. Director-General, Posts & Telegraphs, to the Secretary, Indian Merchants' Chamber, Bombay, in reply to the above.

With reference to your letter No. 2440 dated 3rd October 1935, I am directed to inform you that there is not necessarily any element of reciprocity in fixing the ordi-

nary postage rates for correspondence exchanged between any two countries, as the rates levied by each country are fixed with reference to its own financial and other considerations within the limits specified by the Regulations of the Universal Postal Union. The postage realised on an outward article posted in a country has to be fixed with regard to the cost of internal collection, sorting and despatch to the frontier of the country of destination as well as of the conveyance from its own frontier and sorting and distribution of the inward letter received in reply.

The air mail postage is composed of postage proper and the air mail fee. The latter is fixed on an economic basis with reference with the conveyance charge payable to the carriers and it is not possible to fix a lower rate of air fee at present. There is no element of reciprocity in this respect also.

In the circumstances the Director-General regrets that he is not in a position to make the charges levied by the Indian Post Office on correspondence for Great Britain and Northern Ireland uniform with those imposed by the British Post Office on correspondence sent to India.

Letter No. FM-141/35/Air dated 30th November from the Director-General.

In continuation of this office letter No. FM-141/35/Air dated the 17th October 1935, I have the honour to enclose for your information a memorandum on the subject of the rates of postage from India to England.

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

MEMORANDUM

From articles appearing in the public press from time to time and from representations received from certain Chamber of Commerce it would appear that there is a great

deal of misunderstanding regarding the principles and considerations on which postage rates and air surcharge fees are fixed on letters etc. to foreign countries. It is urged that while the postage rate on letters from England to India is 1½d. the charge in the reverse direction is 2s. 6p. and in the case of air mail letters, while the charge from England to India is 6d. that from India to England is 7½s. This state of affairs is alleged to be an inequitable arrangement and the Indian Post Office is suspected of making an unfair profit in the matter. In order to remove the misapprehension it is necessary to explain the whole basis on which foreign rates of postage are fixed and to show why the arrangements now in existence are not inequitable or unjust.

Prior to 1874 the foreign post of every country was regulated by an agreement concluded by it separately with every other country. The postage was governed by weight as well as by distance and it varied according to the route followed. Every country claimed transit charges and the total postage was made up of the inland postage rate *plus* the charges claimed on each letter by every country through which it passed as well as by the country of destination. In the year 1874 an international meeting was held at Berne (Switzerland) and at this meeting a postal convention was drawn up between the European countries. This convention replaced about 1000 special agreements by a single convention and substituted a multitude of postage rates by a tariff expressed in a few lines. One union rate of postage was established with all foreign countries who were members of the Union. India was one of the earliest non-European countries which joined the Universal Postal Union. The Convention has been revised from time to time in congresses which are held in different parts of the world once every five year and the last congress was held in Cairo in 1934. All the civilized countries of the whole world are now members of the Universal Postal Union and have subscribed to the Universal Postal Convention. This convention contains a very

large number of provisions to govern the postal transactions of countries with each other but the basic principles are the following :—

- (1) All the countries which have subscribed to the convention form a single postal territory for the reciprocal exchange of correspondence;
- (2) freedom of transit for mails is guaranteed throughout the countries of the Union;
- (3) rates of postage to be charged on the different classes of correspondence (letters, postcards, printed papers, business papers) for each class are fixed in terms of gold currency, certain minimum and maximum charges being laid down. The rates of postage must be uniform to all foreign countries, and are fixed to the nearest equivalents in the local currency of the country;
- (4) the first and subsequent units of weight for each class of correspondence are also laid down; these are on the metric system but all countries are allowed to fix the units of weight to the nearest equivalent in ounces or parts thereof if the metric system is not in force in their country;
- (5) each country keeps the whole of the postage collections which it makes on correspondence posted in that country for foreign countries;
- (6) every country undertakes the free distribution and delivery of articles of correspondence brought to its frontier station from any other country;
- (7) it is permissible for countries to form restricted unions within the Universal Postal

Union for the purpose of adopting rates of postage lower than those fixed by the convention.

It will be seen therefore that within the minimum and maximum fixed by the convention, every country is free to fix its postage rates on correspondence to foreign countries. India has fixed the postage rate to foreign countries at 3as. 6p. for the first ounce for letters and of 2as. for postcards. *These are well within the maxima prescribed by the convention.* India has also joined the restricted Union of British Empire countries (of which Egypt is also a member), within which a lower postage rate is permitted to be fixed and this rate is 2½as. for the first ounce for letters and 2as. for postcards. In fixing these rates India has to consider her own financial position and her local circumstances. As each country keeps all the postage collections on letters posted in that country for foreign countries there is and can be no element of reciprocity. It is open to a country to have an unnecessarily high inland postage rate and to utilise the profits made from such a high charge to meet the loss incurred on giving a low rate of postage for foreign letters. Countries which are industrially and commercially highly developed would follow such a procedure in order to encourage the export trade of the country. That there is no element of reciprocity in the matter will be clear from the following facts.

The postage rate from India to foreign countries other than countries of the British Empire is 3as. 6p. for the first ounce. The postage rates for foreign countries for the initial weight for letters are from *Austria 6as., France 4as. 3p., Germany 4as. 3½p., Holland 3½as., Italy 4as. 8p., Switzerland 4as. 2½p., the United States of America 3as. 7½p., Russia 5as. 7½p. and Japan 3as. 4½pies. As regards countries of the British Empire the

*Note.—The conversion from local to Indian currency has been made on the best information available but is liable to variation from time to time.

postage rate from India is 2 as. 6 pies for the first ounce. The rates from countries of the British Empire to India are Australia 2d., Canada 3 cents ($=1\frac{1}{2}$ pence), Great Britain $1\frac{1}{2}$ d., Irish Free State 2d., New Zealand 1d., South Africa 1d. It is to be noted that these rates are to all countries of the British Empire and therefore while Great Britain charges $1\frac{1}{2}$ d. for the mails from Great Britain to countries of the British Empire, Australia, and the Irish Free State charge 2d., while South Africa and New Zealand charge 1d.

It will, it is hoped, be clear from the above that there is no element of inequity or unfairness in India charging $2\frac{1}{2}$ annas postage for a letter to Great Britain while Great Britain charges $1\frac{1}{2}$ d. for letters to India. In fixing its charges the Indian Posts and Telegraphs Department has taken into consideration its own present financial position as well as other local circumstances. As for Great Britain, her inland postage rate is $1\frac{1}{2}$ d. for the first unit of weight for letters, which is higher than the postage rate charged in India for the first unit of weight, namely, 1 anna. Great Britain is about one-twelfth the size of India, she has excellent communications in the way of railways and asphalted roads; she deals with large masses of correspondence across comparatively short distances, these large masses being due to the high literacy of the population and her highly developed industries and trade. The workable capacity of the postal staff is therefore fully utilised. In India, the postal department has to deal with comparatively small quantities of correspondence across vast distances; literacy is low and the total volume of postal traffic is comparatively low; the country is mainly agricultural and trade and industry have not developed to the same extent as in Great Britain. Mails have to be carried by men, camels or carts and the cost is consequently comparatively high, even after allowing for the lower rates of remuneration paid. The postal staff has a large amount of unutilised capacity owing to the smallness of the traffic, e.g., a village postman handles only about 25 letters each

trip while he could handle 200 but he has to be employed all the same. In spite of all these factors India has fixed a rate of postage on inland letters which is 33% lower than that in Great Britain. The very large surplus of revenue secured in Great Britain through the high inland postage rate is utilised to give a cheap rate of postage for Empire countries in the interests of the trade and industry of the country. India is far from being in a comparable position and therefore the criticisms made are entirely misplaced. In India, the foreign post is mainly utilised by a class of people who can afford to pay the comparatively higher rates of postage while the inland rate has to be kept at a low figure in view of the comparatively smaller capacity of the majority of the population to pay. In view of the provisions of the Universal Postal Convention it is out of the question for India to fix in relation to each country a rate of postage on letters equivalent to what the country charges for letters intended for India. If any reduction in the rates of postage on letters to Empire countries or to the other countries of the world has to be made, that will have to be decided on considerations of finance alone.

As regards the rates charged on letters conveyed by air, such charges are made up of the postage and the air fee. The postage charged is the same whether a letter is carried by surface transport or air transport. The air fee is fixed entirely on consideration of what the postal department has to pay to the carriers by air. These carriers are paid by weight cum distance and special agreements exist with each carrying company. The air fee on letters is uniform from all places in India within which letters are carried over long distances by air. The air fees have been so fixed that, on the whole, the total amount earned by such air fees covers the amounts paid by the postal department to the air carriers. Here again there can be no element of reciprocity. It is open to any country to charge a lower air fee on letters and to make up the amount payable to the air carrying companies by means of a subsidy paid

out of the surplus revenue earned by the post office or by a special subsidy from the revenues collected by general taxation. In India Government have followed the principle that the person who benefits by utilising the air service should pay for it and that it would not be equitable to make the user of the inland or foreign post or the general taxpayer pay for the benefit of the user of the air mail. The Indian Post Office has definitely and consistently followed the policy of reducing the air fees as and when they have been able to secure lower rates from the air carrying companies and during the last few years the rate has been reduced so far as the United Kingdom is concerned, from $10\frac{1}{2}$ annas for the first $\frac{1}{2}$ oz. to $7\frac{1}{2}$ annas. Any further reduction must depend upon the amounts paid to the air carrying companies being reduced.

It is hoped that this detailed explanation will make clear to the critics that there is no injustice or inequity in the charges made by the Indian Post Office and that the Indian Post Office has been following the sound policy of seeing that the user of the post office pays for the services rendered and that the general taxpayer is not called upon to subsidize the postal service whether by surface transport or by air.

Appendix 28

Warehousing Charges on Foreign Parcels

(*Vide Annual Report for 1934, Page 158*)

Letter No. FM-386/34 dated 25th November 1935 from the Director-General of Posts & Telegraphs to Chamber.

With reference to your letter No. 2493 dated the 4th October 1934 and in continuation of this office letter No. FM-386/34 dated 18th February 1935 regarding the exemption

from the levy of warehousing charge of inward foreign parcels allowed by the addressees to remain in deposit at the Post Office in connection with provision of clause 257 III (11) of the Post and Telegraph Guide, I am directed to say that the decision to levy warehousing charge was based on the fact that the Post Office has to incur considerable expenditure in the protection and custody of parcels. A period of 10 days is, however, allowed as the normal period during which an addressee can take its delivery after its presentation to him or after the issue to him of a notice of its arrival.

There is no justification for the Post Office to forego the warehousing charges in the circumstances mentioned by you. If the addressee of a parcel desires to avoid payment of such charges, it is open to him to take delivery of the parcel and proceed in the manner mentioned in the latter part of rule 11 clause 257 III of the Post and Telegraph Guide.

APPENDIX 29

Limit for transmission of Gold and Silver by Port

Letter No. 2378 dated 27th September 1935 from Chamber to the Director-General of Posts and Telegraphs.

The attention of the Committee of this Chamber has been drawn to Rules 96 (9) and 118 of the Post & Telegraph Guide wherein limits are laid down for transmission, by inland post, of gold and silver bullion and gold and silver ornaments. I am directed* by my Committee to address you as under in that regard.

The limit laid down in Rule 96 (9) for transmitting gold and silver bullion is Rs. 700, while that for gold and silver ornaments is Rs. 3000. My Committee would like to point out in this connection that, at the request of various member-associations of the Chamber in 1925, they had taken up the question of raising the then limit and Government were pleased to raise it from Rs. 300 to Rs. 700.

The various member-associations of the Chamber even then were not satisfied with this limit and wanted the same to be raised to Rs. 2000. Since then the movement of bullion from place to place has increased considerably, and also the price of bullion, both gold and silver, has registered considerable increases. The present limit of Rs. 700, therefore, is very much low for the movement of bullion from one place to another.

There is again a discrepancy in Rules 96 (9) and 118, by which the limit for ornaments is laid down as Rs. 3000. It is felt that there is hardly any justification for fixing the limit for gold and silver bullion different from that for gold and silver ornaments. My Committee will therefore be obliged if you will be kind enough to enlighten them as regards the reasons why the limits in respect of gold and silver bullion and gold and silver ornaments for transmission by inland Post have been fixed differently.

Letter No. IM-53/35/T1 dated 11th January 1936 from Government of India, Department of Industries and Labour, to Chamber.

With reference to your letter No. 2378, dated the 27th September 1935, I am directed to say that after careful consideration the Government of India regret that they are unable to accept your suggestion for amending the rules prohibiting the transmission by post of gold bullion exceeding Rs. 700 (Rupees seven hundred only) in value.

APPENDIX 30

Discontinuance of Bazar Rates in the morning by the Broadcasting Service

Letter No. 3105 dated 12th December 1935 from Chamber to the Secretary to the Government of India, Department of Industries and Labour.

The attention of the Committee of this Chamber has been drawn to the omission, from the daily programme of the Radio broadcasting, of the item of the morning news bulletin

and bazar rates which was a special feature of the broadcasting upto recently. This feature was much appreciated by businessmen not only in the City, but also and perhaps more so in the mofussil, where the merchants and traders came to know of the rates and the different events happening in the business world long before they got their regular papers. In fact this enabled them to keep in touch with the different markets in the City and thus safeguarded them against any transactions they might enter into regardless of the trend of the business conditions. My Committee are informed that the radio is even being used by the population in rural area who are enabled thereby to keep themselves in touch with business conditions. This being the case, my Committee are surprised at the discontinuance of this useful and important item. They will be much obliged if Government will be pleased to inform them of the reason or reasons for the omission; and also consider the advisability of restoring this daily item on the agenda of the radio broadcasting.

APPENDIX 31

Information regarding the working of the Telephone Service of the Government of India

Letter No. 1951 dated 30th July 1935 from Chamber to the Director-General of Posts and Telegraphs.

The Committee of this Chamber have recently been in communication with the Bombay Telephone Company Limited regarding reduction in telephone rates. My Committee referred to the charges levied by Government in Delhi and Cawnpore, which were less than the Bombay rates. The Telephone Company replying to this observed as follows :—

“It is always difficult to draw satisfactory comparisons between charges in one place and another. The

Government rates as set out in your letter are incorrect. In Delhi and Cawnpore they compare with the Company's rates as follows :—

<i>Government rates.</i>	<i>Rs.</i>	<i>Company's rates.</i>	<i>Rs.</i>
	<i>P.A.</i>		<i>P.A.</i>
Within 3 miles of exchange	192	Business lines	280
Within 3½ „ „	216	Residential	180
Within 4 „ „	240	Party	135
For every half mile over four miles from Exchange }	36		

You will appreciate that the financial results of the rates charged by Government are not known."

My Committee would be obliged if you will send in reports of the estimates on the subject of the financial results of the working of the telephones by Government at the centres mentioned, since the reply of the Bombay Telephone Co., Ltd., implies directly that the Government telephone system is working at a loss and that, therefore, comparisons based by our Chamber on the rates charged by Government would be misleading.

The Committee of this Chamber cannot believe that the Department is working in the dark as to the financial results, but, should it be that the financial results are not taken out for each centre, my Committee request that such an investigation should be made, at all events once over a stretch of period, in order to show that, while giving valuable service, the Government telephone system is not working at a definite loss.

An early reply from you will be appreciated:

*Letter No. P-460 dated 15th October 1935 from the
Director-General to Chamber.*

With reference to your letter No. 1951 dated the 30th July 1935, I am directed to inform you that the

present revised Telephone rates have been fixed after a detailed investigation of the cost of the telephone branch of this Department as a whole including all overhead charges, and the total revenue derived from these rentals provides an adequate return on the Capital invested. It is regretted that a more detailed statement cannot be supplied.

Letter No. 2659 dated 2nd November 1935 from Chamber to the Director-General.

With reference to your letter No. P-460, dated the 15th October 1935, I am directed to inform you that the Committee of this Chamber wish to compare the basis of charges levied for the telephone service in cities like Delhi, Cawnpore, etc. with that in Bombay, and with that end in view they had requested you to supply them with the costs and financial results of the telephone service in respect of few urban centres. My Committee trust that your Department maintains separate accounts for the telephone service in different cities. They will, therefore, be obliged if you will be so good as to supply with the above information at an early date.

APPENDIX 32

Reduction in Telephone Charges

Letter No. 1123 dated 9th May 1935 from Chamber to the Bombay Telephone Company.

I am directed by the Committee of this Chamber to address you in regard to the recent reductions effected by your Company in the Telephone Charges.

My Committee, while welcoming these reductions, are of opinion that the reductions effected do not go far and there is still room for greater around reductions. The reduction will cause a smaller gross return to the Company without offering a substantial temptation to new subscribers. My Committee have consistently been pressing for considerable reductions in the telephone charges in the City, so as to afford the much-needed relief to the small users and at the same time to attract a larger clientele to your Company, with the consequent increase in your earnings. They feel that the time is now opportune for effecting substantial reductions in the telephone charges, which would result in achieving the two-fold objects mentioned above.

There is an increase in business every year, as witnessed by the Reports issued by the Bombay Telephone Company. Utility concerns have to distribute dividends, just like the other concerns, to their shareholders; but at the same time there is the added responsibility on them to share their prosperity with the consumers. In fact the Act imposes a specific obligation in this direction. This can be done by reduction of rates. There is also the other consideration that looking to the trade and population of Bombay, the Bombay Telephone Company should have still a far greater number of subscribers. This also can be done by reduction of rates. The ideal of a city like Bombay should be to have a telephone in practically every house and place of business and this ideal can be reached only if the Telephone Company has the far-sightedness to offer convenient terms to both businessmen and private house-owners.

My Committee trust that your Board will appreciate the reasons advanced for great reductions in the charges and sanction the same at an early date.

Letter dated 10th May 1935 from Mr. Mathuradas Vissanji, representative of the Chamber on the Telephone Board.

I am in receipt of the Copy of your letter No. 1123 dated the 9th instant addressed to the Secretary, Bombay Telephone Co., Ltd., and am to inform you in that connection that having come to know of the intention of the Committee beforehand, I had placed the matter informally before the Board Meeting held on the 7th instant and the Board was of the opinion that in view of some reductions having already been introduced very recently, it was too premature to consider the question of further lowering of the rates just then. They rather desired to wait and watch the effect of the recent reductions for a reasonable time and then if the results justified, they would certainly reconsider the question and see if and to what extent the charges can be further reduced.

Letter dated 5th June 1935 from the Telephone Company to Chamber.

I am directed by my Board to acknowledge receipt of your letter No. 1123 dated the 9th May 1935 and to reply as follows:—

My Directors, in making the reductions announced recently, made the greatest reduction they could possibly contemplate at the time and they believe that you will agree with their view when I say that they resulted in a drop in the rate per annum at which the Company's revenue is accruing of about Rs. 2,60,000 which is more than $2\frac{1}{2}\%$ on the share capital of the Company, on which the dividends hitherto paid have only averaged about $4\frac{1}{2}\%$.

*Letter No. 1478 dated 12th June 1935 from Chamber
to the Telephone Company.*

The Committee of this Chamber understand from their representative on your Board that their (Committee's) request for further reductions in the telephone charges was the subject of an informal discussion at your Board Meeting held on the 7th May and your Board were of the opinion that in view of some reductions having already been introduced in the rates, it was too premature to consider the question of further lowering the same. The Committee have subsequently received your letter No. G of the 5th instant which is also covered by this representation.

My Committee desire to address your Board to emphasise the necessity and justification for greater reductions in the rates than already effected. In the first place, my Committee wish to draw your attention to Clause (3) of the Agreement between the Government of India and the Bombay Telephone Co., of the 30th March 1922 which provides that beyond certain earnings the surplus should be divided between Government and subscribers. My Committee have carefully gone through the Statements of Accounts of your Company from 1924 onwards and have seen that the Telephone Co. has made continued progress during the last 10 years and has enjoyed a remarkable measure of prosperity in comparison with other concerns. The increase in the telephone charges were brought about from Rs. 250 for business lines which prevailed in 1920 to Rs. 300 in 1922 and from Rs. 135 for residential lines in 1920 to Rs. 210 in 1922. Whatever the justification for these increases such as high rate of interest on Debenture Stocks, percentage of working expenses to net income and also comparatively high cost of materials, which prevailed then, the circumstances at present have so completely altered as, in the opinion of my Committee, call for immediate and alround revision of the present telephone charges. Your Board will agree that

the prices of materials have, during the last decade and particularly from 1929, considerably gone down and interest charges which your company had to pay on the Debenture Stocks also have come down, from $8\frac{1}{2}$ per cent in 1925 to $6\frac{1}{2}$ per cent in 1928. My Committee further note that by recent arrangements made by your Board with Debenture-holders, a further reduction of $2\frac{1}{2}$ per cent in the interest charges on the Stock will be brought into effect during the course of the period ending 1937. This will represent a reduction in the rate of interest on Debenture Stocks from $8\frac{1}{2}$ per cent in 1925 to $6\frac{1}{2}$ per cent at present and to 4 per cent in 1937. These reductions in the rates of interest have resulted in a clear saving to your company of nearly Rs. 2 lakhs in 1934. My Committee also appreciate the achievement of your Board in reducing the Debenture Stock during these years from Rs. 74,99,675 (in 1925) to Rs. 49,36,850 (in 1934).

It may be noted that from 1924 to 1934 there has been a reduction of nearly 23 per cent in the ratio of your expenses to the net income, which was 25.19 per cent in 1934 as compared to 48.6 per cent in 1924. Satisfactory progress of the Telephone Company during the decade is further reflected in the dividends as follows:—

<i>Year</i>	<i>Dividend</i>
1924 ..	2 per cent.
1929 ..	4 ..
1930 & 1931 ..	6 ..
1932 ..	7 ..
1934 ..	8 ..

The Depreciation, Reserve and Suspense Funds have also registered successive increases; in 1924 an amount of Rs. 5 lakhs stood at the credit of these items and it stood at Rs. 12,64,434 in 1934,

The number of exchanges, business and private, working during the last decade also has shown very satisfactory increase as will be seen from the following table:—

<i>Year.</i>	<i>Exchanges.</i>	<i>Revenue.</i>
1924	8,865	Rs. 24,48,666.
1934	13,211	„ 35,22,728.

Another test by which the position of your Company could be judged is the price of its Ordinary shares on the local Stock Exchange which has risen from about Rs. 25 in 1924 to about Rs. 110 at present. The Telephone shares have never been influenced by speculative fluctuations. The remarkable rise (fourfold) in the price of your Ordinary shares during the last decade, therefore, reflects the intrinsically sound and prosperous condition of your Company and the great confidence it enjoys amongst the investing public. My Committee submit that for a public utility concern like the Bombay Telephone Company, the position as disclosed by the above figures should be deemed to be most satisfactory and your Board should now consider it their duty to devise ways and means by which your subscribers may share the company's prosperity through a substantial reduction in the telephone charges. This has now become overdue. My Committee have made enquiries about telephone charges prevailing in other centres such as Delhi and Cawnpore, which are as follows:—

<i>Delhi.</i>	<i>Amount.</i>
Radial distance from exchange.	
Within one mile	Rs. 168.
Within two miles	„ 180.
Within three miles	„ 192.
<i>Cawnpore.</i>	<i>Amount.</i>
Radial distance from exchange.	
Within one mile	Rs. 160.
Within two miles	„ 180.
Within three miles	„ 192.

They find that the charges at these centres are reasonable and much below even the recently reduced rates of your company in spite of relatively higher cost of service owing to smaller number of subscribers. My Committee emphasise this point, because your company being a public utility concern, must share its prosperity with its subscribers by charging minimum possible rates for its service. Your company in making the recent reductions, claims that these reductions are offered in order to attract a larger number of subscribers. My Committee are sorry to observe that your company has never, in the past, given sufficient attention to this matter as it deserved. Since 1929-30 when the depression set in, your company could register only a very slight increase in the number of exchanges. This shows that your charges are such that only those persons who feel telephone service as an absolute necessity have gone in for the same. It may be further pointed out how the present charges act as a handicap to those subscribers who in view of their business may be inclined to go in for more exchange lines remain satisfied with the minimum exchanges, because of the present scale of charges. Your Board have tried to make a point of this, viz., that some of the present subscribers whose telephone requirements might necessitate the installation of more exchange lines do not do so. But the real obstacle in their doing so is the persistent refusal of your company to bring down the scale of charges to such a level as would induce not only those present subscribers with heavy traffic to go in for more exchange lines, but also to attract a larger number of new subscribers. The request, therefore, of my Committee for substantial reductions in the telephone charges is not only in the interests of the subscribers, i.e., the commercial and other sections of the public alone, but also in the best interests of the Bombay Telephone Company. Telephone, which is a necessity, both in business and in private life, should be cheaper in a city like Bombay than other centres because of the larger volume of subscribers.

My Committee would, in conclusion, emphasise the general principle, viz., public utility concern like the Bom-

bay Telephone Company should primarily be run in the interests of the general public and not only in the interests of the shareholders. My Committee are convinced that the inadequacy of the necessary safeguards to protect the interests of the general public has been definitely proved by the persistent refusal of your company in not effecting sufficient reductions in rates and in keeping the same, high, even during the period of the worst depression which this City has gone through, in spite of the continued prosperity of your company, as disclosed by the figures quoted above. There should be a limit beyond which, in the opinion of my Committee, a concessionaire should not be allowed to accumulate profits, depreciation and reserve funds when such accumulation is distinctly at the expense of the public. If the Bombay Telephone Company, therefore, persists in the attitude of not considering the question of substantial reductions in the charges, my Committee would be reluctantly compelled to advocate at the earliest opportunity, the taking over of this service by Government as is the case in some centres in the Punjab and the U.P.

Letter No. G dated 3rd July 1935 from the Telephone Company to Chamber.

I am instructed by my Board to reply to your letter No. 1478 dated the 12th June 1935 as follows:—

2. You draw attention to Clause (3) of the Agreement between the Government of India and the Company dated the 30th March 1922. This clause fixes the maximum annual subscription to be charged at Rs. 350 per annum : the maximum annual subscription now being charged is Rs. 280 per annum.

3. The clause also provides for the disposal of the net profits available for dividend in the event of these exceeding 12½%. The net profits available for dividend have never been sufficient to pay a dividend of 12½% and the highest dividend paid was 8% in respect of the year 1934 and the average dividend paid has been 4.46%.

4. The clause also limits the amount to be set aside annually for depreciation and reserve or otherwise before the payment of a dividend to 8% on the paid-up capital of the Company whether in the form of share capital or debentures. The two figures compare as follows:—

Years.	Set Aside.	8% Limit.
1923 to 1934 (inclusive)	Rs. 98,20,193	Rs. 1,41,07,738

5. You draw attention to the increases made in charges for telephones in 1920 from Rs. 250 for Business Lines to Rs. 300 and from Rs. 135 for Residential Lines to Rs. 210. The rates now are Rs. 200 and Rs. 180 respectively but there is a Party Line service available for residences at Rs. 135 per annum and there can be no comparison between the value of the service under the old Magneto Telephone System and the value of the existing service. To compare the charges for the two types of service is somewhat akin to comparing the expenses of keeping a horse and carriage in the past when that was the ordinary means of going about with the cost of an up-to-date motor car.

6. I am not sure that I fully understand the references to the subject of interest payable on debentures. You refer to a saving of nearly Rs. 2 lacs in 1934. This would seem to be a comparison between 1930 when the interest charges were Rs. 5,26,000 and subsequent years, including 1934, when the interest charges amounted to from Rs. 3,00,000 to Rs. 3,20,000. You would appear to have overlooked the fact that the reduction in the amount of the Debenture Stock outstanding which you mention resulted from the exchange of debenture stock for shares.

7. You observe that the Depreciation, Reserve and Suspense Funds have registered successive increases. This must naturally be the case having regard to the greater amount of capital invested in plant to provide for the greater number of telephone lines working. Depreciation is

based on the life of the plant as estimated by the Company's expert advisers (Messrs. Cook & Partners). The Reserve Fund in 1934 only amounted to Rs. 4,63,000 which must surely be regarded as very small for a Company with a share capital of Rs. 1 crore.

8. The present high price of the Company's shares does not seem to be a fair reason for expecting shareholders to make reductions in charges which they would not otherwise make. The shareholders invested their money in 1924 taking the risk of a series of bad years which they in fact experienced, together with the hope of a series of better years which they are now experiencing. It has already been pointed out that the average dividend paid has only amounted to 4.46% per annum.

9. You have referred to the Government charges in Delhi and Cawnpore. It is always difficult to draw satisfactory comparisons between charges in one place and another. The Government rates as set out in your letter are incorrect. In Delhi and Cawnpore they compare with the Company's rates as follows:—

Government rates.		Company's rates.	
Within 3 miles of Exchange	Rs. 192 p.a.	Business Lines	Rs. 280 p a.
" 3½ " " "	Rs. 216 "	Residential Lines	Rs. 180 "
" 4 " " "	Rs. 240 "	Party Lines	Rs. 135 "
For every half mile over 4 miles from Exchange	Rs. 36 "		

You will appreciate that the financial results of the rates charged by Government are not known.

10. The Company has to pay to the Government of India a Royalty of about Rs. 11/8 per line per annum and wayleaves of approximately Rs. 6 per line per annum, neither of which charges has to be borne by the Government Telephone System.

11. The agreement for telephone service on the Government Telephone System provides that if there are more

than 20 calls in any day from a line on that system the Government may call upon the subscriber to take another line. In Bombay the average number of effective calls per line per day is about 25. It is thus clear that the number of calls per line is very much higher in Bombay than it is on the Government Telephone System and it follows that a larger amount of expenditure is involved on equipment per line.

12. It also has to be borne in mind that Government receives fees for trunk calls when a local telephone is used, whereas the Company receives no such fees.

13. Your assumption that the small number of subscribers on the Government Exchanges to which you refer results in a relatively higher cost of the service is mistaken. The matter is dealt with at some length in a report by a British Departmental Committee in 1920 from which I quote the following summary:—

“Speaking generally the economies in plant construction which accompany development in any area are neutralised by the expenditure which results from the increased complication of the plant and operating methods required to furnish inter-communication. The advantage therefore which the individual subscriber must look for, from the development of the system, lies not in a prospective reduction of his subscription, but in the increase in the number of persons with whom his telephone gives communication.”

14. Generally, there seems nothing to support the view that the rates charged by the Company could, economically speaking, properly be substantially reduced.

15. The suggestion that the Telephone Company has refused to take into consideration the interests of the general public is quite unjustified and the mere fact that there has been the expansion in the number of lines work-

ing that there has been during the last few years, seems to indicate clearly that the public find good use for the service at the prices charged for it.

16. I shall be happy to discuss the matter with the Committee should they so wish..

APPENDIX 33

New Conditions in Contracts in Telephone Service

*Letter No. 1224 dated 20th May 1935 from Chamber to the
Bombay Telephone Company.*

The attention of the Committee of this Chamber has been drawn by a member of the Chamber to a circular recently issued by you to some of your subscribers in regard to contracts for telephone service. There are two points therein, to which my Committee take objection, and I am directed to bring this to the notice of your Board of Directors.

The first is the "Change in Telephone Numbers," referred to in para (2) of your circular. It mentions that :

"the Company has the right from time to time to alter the telephone number allotted to a subscriber."

It is stated that the Company will only exercise this right in exceptional cases. Even then the Company must take into consideration the extreme inconvenience and annoyance caused to a subscriber if the change is made in his telephone number. It is well-known that Telephone Numbers are impressed on letter-papers and communicated to friends and constituents, it may be all over the world. Any alteration, therefore, in the telephone number will upset all

this arrangement and it would take some months before the change is fully known to the different constituents. In the meanwhile, there may be a lot of inconvenience and annoyance and consequent waste of time and trouble caused to the subscriber. The Company should, my Committee feel, try to avoid all this, and they, therefore, request your Board of Directors not to insist on this clause in the contracts.

With regard to the second point, the Company wants the following clause to be inserted in the contracts:—

“If the Company’s Chief Engineer or Acting Chief Engineer shall certify (his certificate being final and binding upon the subscriber) that the telephonic connection herein referred to is inadequate to carry traffic to and from the subscriber, the Company may give to the subscriber notice in writing requiring him to hire such number of additional exchange lines as in the opinion of the Company are necessary to meet the telephonic requirements of the subscriber and if the subscriber fails to comply with such notice within one month of its receipt the Company may determine this agreement at any time thereafter by notice in writing to that effect.”

This is most objectionable. When a contract is made with the Company it is presumed that the subscriber is at liberty to use the telephone as many times as he likes, and for the Company now to insist that if the traffic on the line is heavy it can ask its subscribers to have such number of additional exchange lines as in the opinion of the Company are necessary to meet the telephonic requirements of the subscriber, would be extremely unfair. The existence of this clause in the contract leaves the subscriber unnecessarily at the mercy of the Company. There is a certain schedule fixed for charges, and the Company has recently announced some reductions. To insist now on subscribers with heavy traffic having more exchange lines would be to take away all the advantages of the cheaper rates recently

announced, even though such reduced rates do not go to the length of the expectations of the commercial community.

Under the circumstances, the Committee of this Chamber request your Board of Directors not to have this clause also in their contracts.

Letter No. G dated 6th June 1936 from the Telephone Company to Chamber.

I have to refer to your letter No. 1224 dated the 20th ultimo, to which I am instructed by my Board to reply as follows :—

Change in Telephone Numbers.

There would appear to be no practical difference between the views and interests of my Company and those expressed by your Committee. It is to the financial interest of the Company to avoid changing numbers wherever possible and this will always be done. There are, however, occasions notably on the opening of a new Exchange or the partial reconstruction of an existing Exchange when it is impossible to avoid changing numbers. This has always been so, numbers having had to be changed in the past from time to time under similar circumstances.

With reference to the overloading of lines, the subject was very fully dealt with by the Chairman in his speech at the last Annual General Meeting of the Company, of which I enclose a copy (*not printed*).

You will appreciate that some provision of this nature has been found necessary in other telephone administrations, *e.g.*, the British Post Office and the Government of India, Telegraph Department and there is of course nothing unfair in a condition of this kind. On the contrary, the omission of a condition of this kind is very unfair to the subscribers. At the present time a small percentage estimated at 6 to 7% of the subscribers in Bombay have such a large amount of traffic that very serious congestion is caused on the

Company's Exchanges to the detriment of the remaining subscribers who themselves pay for an adequate number of lines to carry their own particular traffic. No doubt you will agree that it is unreasonable that more than 90% of the subscribers should suffer because a small percentage are not prepared voluntarily to pay for adequate facilities. You may rest assured that every precaution will be taken to see that this clause is reasonably interpreted.

If there are any points which your Committee would like to discuss, I shall be glad to meet them for the purpose.

*Letter No. 1530 dated 20th June 1935 from Chamber to
the Telephone Company.*

I am directed by the Committee of this Chamber to acknowledge receipt of your letter No. G, dated 6th June 1935 and, in reply, to address you as under:—

My Committee appreciate that your Company also realise the great inconvenience likely to result from changing of telephone numbers of your subscribers. In order, however, to enable them to see the justification, if any, for the proposed condition of the contract regarding change in numbers, my Committee will be glad if you will kindly let them have particulars regarding changes affected in numbers, specifying separately business and residence during the last six months.

With regard to your observations regarding installation of additional exchange lines on account of heavy traffic, my Committee would like to draw your attention to their letter No. 1478, dated 12th June 1935, in which they have replied to this point also. They had in this connection also considered the remarks made by your Chairman in his speech at the last Annual General Meeting of the

Company regarding overload in exchange lines. My Committee still do not feel that there is any justification for the incorporation of the condition regarding installation of additional exchange lines. As pointed out in their letter, quoted above, my Committee have referred to the main reason, viz., inadequacy of reductions in telephone charges, why some of your subscribers, who would otherwise be willing to go in for additional exchange lines, are not inclined to do so. My Committee would, in this connection, like to know on what basis calculations are proposed to be made in regard to the so-called heavy traffic or overload on lines.

Letter No. G dated 3rd July 1935 from the Telephone Company to the Chamber.

I have to acknowledge the receipt of your letter No. 1530 dated the 20th June 1935 to which I am instructed by my Board to reply as follows:—

I regret that I am unable to examine the question of changes effected in numbers during the last six months. To do so would be of no practical benefit. Such changes as have been made have been in accordance with the practice in the past which will be continued in the future.

I would remark that there is no change in the conditions relating to alteration in numbers. It is merely that the matter is dealt with in the terms of the contract instead of no reference to it being made.

The changing of numbers is essential and unavoidable in many instances. Within the next ten years it is more than probable that it will be necessary to open additional exchanges to serve areas now provided for by existing exchanges, and in each of those cases the numbers transferred to the new exchange would necessarily have to be changed.

Similarly, if an accident occurs, fire or otherwise, to a section of an exchange it might be possible to provide service on another line but it would not be possible to utilise the same number.

With regard to the second paragraph of your letter, my Board were themselves exceedingly reluctant to introduce a condition relating to the installation of an adequate number of exchange lines, but experience showed that this was unavoidable in Bombay as it has been found to be elsewhere.

The greater the number of calls to and from any one line at one time, the greater the amount of common apparatus in use at the same time and the greater the percentage of ineffective calls, i.e., the lower the efficiency of the system. The theoretical alternative of a line from every subscriber to every other subscriber is obviously out of the question. Careful consideration leads to the inevitable conclusion that a telephone administration has only two alternatives:

- (1) Each subscriber to have an adequate number of exchange lines to carry his traffic.
- (2) Higher charges accompanied by less efficient service.

The latter alternative involves a large majority (in Bombay more than 90%) of subscribers in paying more than they ought to and in having a less efficient service than they should have. There can be no question as to which is the proper course to pursue.

With regard to the last sentence of your letter, my Board propose to take into consideration the whole circumstances in every individual case, the criterion being the effect on the efficiency of the system and not merely the number or duration of calls.

Letter No. 1730 dated 11th July 1935 from Chamber to the Telephone Company.

With reference to your letter No. G dated the 3rd instant, my Committee note that there is no change in the conditions relating to alterations in telephone numbers.

My Committee, while noting your observations in regard to the proposed new condition regarding additional exchange lines to cope with the overloading of lines, are not in agreement with the same.

APPENDIX 34

Defect in Public Call Telephone Installations

Letter No. 1092 dated 4th May 1935 from Chamber to the Bombay Telephone Company.

The attention of the Committee of this Chamber has been drawn by a member to the very defective machines that are found to be installed at public telephones in some places. The method of operating these public telephones is that a two-anna piece has to be dropped in the slot and if there is no connection the two-anna piece is supposed to be returned by pressing a button, but if there is a connection the coin drops into the box meant for the same. What happens several times with regard to defective machines is that the two-anna piece does not come out even when there is no connection, and members of the public when they telephone have to thus lose their money. It appears that correspondence was carried by a reputable party (Mr. Haridas Gopaldas) known to this Chamber with regard to this grievance and the Telephone Company's replies were evasive and unsatisfactory. My Committee feel that the Telephone Company cannot evade their responsibility in such a matter like this. The Company undertakes to return the coin by the

notice printed on the machine and should do so unless they question the bona fides of the party complaining. My Committee appreciate that telephone machines are placed at several places as Public Telephones, but in order that these machines may be really useful to the public, it is essential that they should be in perfect running order. In order to ensure this, more regular examination is necessary than appears to have been given; and if that is done, complaints of this kind, to which the Company is bound to attend, may not arise.

Under the circumstances, my Committee request you to get these Public Telephone machines examined periodically and see that they are in good running order. They also request that the refund should be given to the complainant in this case.

Letter No. G 80/P.C.O. dated 8th May 1935 from the Telephone Company to Chamber.

I have to acknowledge receipt of your letter of the 4th instant, No. 1092.

The whole circumstances including the reasons why the refund cannot be made to Mr. Haridas Gopaldas of the amount claimed by him have been fully explained to him in correspondence and there is no justification for the statement that the Company has sent evasive replies.

If you will be good enough to call upon me by appointment I shall be pleased to show you the file and to give you the fullest possible information on the subject.

Letter No. 1214 dated 17th May 1935 from Chamber to the Telephone Company.

I am directed to acknowledge receipt of your letter of the 8th instant, No. G 80/P.C.O.

The Committee of this Chamber have carefully gone through the correspondence passed between Mr. Haridas Gopaldas and your Company; as also the letter received by them from Seth Mathuradas Vissanji, their representative on your Board, and your letter. They are informed that there is a weekly inspection of all your public telephones and that in spite of this there is still tampering with the machines by some members of the public who take away the coins. If such a tampering is done and if some members of the public are able to take away the coins, it indicates that the machines do not do the work for which they were purchased and installed and must be of an unsuitable type. My Committee are definitely of opinion that a public utility concern, like yours is bound to give this service to the public in the shape of public telephones. As it is bound to keep public telephones, it naturally means that the public telephones should be in proper working order and that if they are not and consequently if any member of the public loses his money on account of the defective machines, the Telephone Company should consider it its duty to refund such coin or coins, where no question can be raised as to the bona fides of the claimant. My Committee will, in this connection, like to know if steps have been taken upto now to proceed legally against anyone tampering with the machines or any prosecutions on parties caught in wrong doing. Legal steps against such delinquents might perhaps put a stop to the evil. My Committee must, therefore, approach your Board of Directors again with an earnest request that they will try to remove this grievance with regard to public telephones as early as possible and deal equitably with the claim of Mr. Haridas Gopaldas.

Letter No. G dated 2nd July 1935 from the Telephone Company to Chamber.

I have to acknowledge receipt of your letter No. 1214 dated the 17th May 1935 to which I am instructed by my Board to reply as follows:—

2. You suggest that the machines used by the Company are not a suitable type. My Board can only say that they are the very latest type and are similar to those in use in Great Britain. Unfortunately, they have in the nature of things to be available to any member of the public and it is difficult to imagine the existence of any machine which will resist deliberate mal-treatment such as these Call Offices from time to time receive.

3. While my Company is in no way bound to provide Call Offices, my Board have thought it desirable to do so for the benefit of the public in general and they have provided the very best possible apparatus which can be obtained. Losses such as you mention are not due to the machines being defective but to the treatment of them by thieves and others. My Directors think that on reflection your Committee will appreciate that it is not practicable to make ex-gratia payments in cases where no question can be raised as to the bona fides of the claimant. To take this course would seem to involve implying mala fides in cases where the Company could not see its way to meet a claim made. My Company can therefore only pursue the course which it has followed in the past of making refunds to claimants where the records show that an amount has been received by the Company in excess of the amount actually payable in respect of calls which have been made at the Call Office in question.

4. Naturally, if anyone were discovered in the act of tampering with machines, proper action would be taken, but you will appreciate that it is extremely difficult to obtain any evidence in cases of this kind. It is a fact that

they have frequently occurred where the Call Office is in a most public position and this does not seem unlikely when it is borne in mind that it is difficult and frequently impossible to see from the outside of a Telephone Call Office what the person inside is actually doing. Incidents of this kind, I am glad to say, are less frequent than they were some time ago.

5. Your Committee may be interested to see the enclosures (Paper Coins) which were found recently in one of the Call Offices outside a Railway Station in Bombay. They are typical of the difficulties with which the Company has to contend.

6. The cost of additional supervision would be quite prohibitive. At the present time the revenue from Call Offices is very inadequate in relation to the expenditure involved both on capital and revenue account. The ideal would obviously be to have some one in attendance at each Call Office throughout the 24 hours but cost of doing so would be very much more than the gross revenue received from calls.

7. These are the views of my Directors based on equity and they feel that they should be acceptable to all reasonable persons.

8. They have however taken into consideration the strictly legal aspect of the case and have come to the conclusion that Mr. Haridas Gopaldas on the facts stated by him which they accept is entitled to a refund of six annas which I have accordingly remitted to him.

APPENDIX 35

Monthly Supplementary List of Telephone Subscribers

Letter No. 503 dated 20th February 1935 from Chamber to Mr. Mathuradas Vissanji, representative of the Chamber on the Bombay Telephone Board.

At the meeting of the Committee yesterday, the accompanying letter from the Karachi Indian Merchants'

Association regarding the publication of monthly supplement of new subscribers to the Telephone Service was considered. The Committee were in general sympathy with the proposal of the Association. They decided that this matter should be referred to you, as the representative of the Chamber on the Board of Trustees of the Telephone Company, for suitable action.

*Letter No. 180/35 dated 12th February 1935 from the
Karachi Indian Merchants' Association to Chamber.*

I am forwarding herewith a copy of letter No. G dated 20th December 1934 from the General Manager & Secretary, Bombay Telephone Co., Ltd., from which you will see that the Board of Directors of the Company are not prepared to accede to a simple and inexpensive request of issuing monthly supplementary lists of new subscribers. It is calculated that such monthly supplementary list will cost about a couple of rupees per 1000 copies.

The Directory of subscribers is issued half-yearly, and it is very difficult for old subscribers and the general public to know the names of new subscribers till the next edition of the Directory is issued, or new subscribers take individual action of advertising in the press or sending out circular letters as suggested by the Board of Directors of the Company. This course will not only entail considerable expense on the subscriber, but will not give as effective publicity as the supplementary lists to the Directory.

This is only an example of the indifference of the Company to the convenience of subscribers which evidently is encouraged by their monopolistic position. It is requested that you will kindly take up this matter with the Company so that it may be moved by the weight of public

opinion to accede to this request, and to assume a more reasonable and amenable attitude in future.

Awaiting the favour of compliance.

*Copy of letter No. G dated 20th December 1934 from the
General Manager & Secretary, Bombay Telephone
Co., Ltd., to the Secretary, Karachi Indian
Merchants' Association.*

"Your letter No. 1451/34 dated the 19th ultimo was considered by my Board of Directors and in reply I am instructed to state that the Directors regret they are unable to agree to publish monthly supplementary lists such as suggested by you and that the only course for a new subscriber is, if he so desires, to advertise in the press or send circular letters to people who are likely to be interested, intimating that he has become a subscriber and giving the number of his telephone."

*Letter dated 7th May 1935 from Mathuradas Vissanji to
Chamber.*

With reference to your letter No. 1094 dated the 4th instant (reminder), I had a talk with the General Manager of the Bombay Telephone Company, Limited, on the subject, when I was told that the issuing of the monthly supplementary lists of subscribers would involve great trouble and inconvenience and the cost particularly of posting them would be very great and he was doubtful whether the utility of such lists would justify all these. Even in England where this practice obtained, it has since been given up. If however those desiring to have these lists are very particular about it, he said the Company would not perhaps mind getting them prepared and printed but they would not be posted and those requiring them would

have to obtain them from their office where they would be kept.

*Letter dated 12th June 1935 from Mr. Mathuradas
Vissanji to Chamber.*

With reference to your letter No. 1440 dated the 10th instant (reminder), I am to inform you that the Board of Directors of the Bombay Telephone Co., Ltd., have already decided to issue such monthly supplements and the General Manager has been asked to make necessary arrangements. I believe the lists will be available to the subscribers before long.

APPENDIX 36

Civil Aerodrome for Bombay

Minutes of the Meeting held in the Committee Room of the Civil Secretariate at 11-30 A.M. on Wednesday the 27th February 1935 to discuss the proposal for the provision of a civil aerodrome for Bombay on Block No. 7 and a part of Block No. 8 of the Back Bay Reclamation Scheme.

Présent :

The Honourable Mr. R. D. Bell, C.S.I., C.I.E., I.C.S.,
Honourable Member, Home and General Departments (in the Chair).

The Honourable Khan Bahadur D. B. Cooper, Honourable Member, Revenue and Finance Departments.

Mr. C. M. Lane, I.S.E., Secretary to Government, Public Works Department.

Mr. C. G. Freke, I.C.S., Secretary to Government, Finance Department.

Mr. F. Tymms, C.I.E., M.C., Director of Civil Aviation in India.

Commander P. A. Mare, R.I.N., representing the Flag Officer Commanding, Royal Indian Navy.

Captain W. T. Colyer, representing the General Officer Commanding, Bombay District.

Mr. C. W. E. Arbuthnot, C.I.E., I.S.E., Executive Engineer, Presidency Division.

Mr. C. M. Eastley, representing the Bombay Flying Club.

Mr. H. E. Ormerod, representing the Indian Roads and Transport Development Association, Limited.

Mr. A. McIntosh, representing the Bombay Chamber of Commerce.

Mr. Manu Subedar, representing the Indian Merchants' Chamber.

Mr. G. E. Bennett, representing the Bombay Port Trust.

Mr. Hoosenally M. Rahimtoola, the Mayor, representing the Bombay Municipal Corporation.

Mr. Vintcent of Messrs. Tata Sons, Limited, Aviation Department, sent a message regretting his inability to attend the meeting.

The Chairman welcomed those present and in opening the proceedings said that the scheme of having an aerodrome on Block No. 7 was mooted by the Indian Roads and Transport Development Association, Limited. He suggested that Mr. Ormerod should open the discussion.

Mr. Ormerod in introducing the subject said that the Indian Roads and Transport Development Association,

Limited, have for some time been considering the necessity for an aerodrome within the limits of the City of Bombay, and have proposed to the Government of India that it should be located in Block No. 7 of the Back Bay Reclamation Scheme with a small strip of land added from Block No. 8. In support of this suggestion Mr. Ormerod put forth the following arguments:—

(1) The main point for consideration in aviation was the factor of time, and it was principally from this point of view that the Association suggested that the aerodrome should be sited in Block No. 7. It might be argued that Juhu could be reached by car in half an hour's time but it must be remembered that traffic conditions had to be taken into account and if half an hour was the minimum time, at least one hour must be allowed to reach the aerodrome. For example, it took approximately 15 to 20 minutes to reach the new Central Station of the Bombay Baroda and Central India Railway from the Fort but most people allowed three quarters of an hour in order to make sure of reaching the station in time.

(2) In view of the rapid development of aviation in other parts of the world, it was essential to try and visualise the requirements of the City, in this respect in say 50 years' time. So provision must be made for an aerodrome within the limits of the City of Bombay close to the two stations of the Bombay Baroda and Central India and Great Indian Peninsula Railways and to the Docks.

(3) The minimum area required for an "L" shaped aerodrome is a plot of ground giving a run of 1000 yards in each direction. Block No. 7 offers a run of 1000 yards in one direction and 800 yards in another. The shortage could be overcome if the Military Authorities would concede a strip of 200 yards $\times$ 200 yards from Block No. 8.

(4) The Government of Bombay should grasp this opportunity of disposing of Block No. 7 as they have at present stopped all activities in reclaiming this area. If the Block was not utilised for this purpose, it was more than likely that it would remain undeveloped for the next 50 or 60 years and the interest on the capital already invested, would increase and there would be no means of paying it off. In accepting the proposal therefore the Government of Bombay would not only help aviation but would also dispose of a portion of the Back Bay land thereby saving at least a portion of the interest charges to be paid to the Government of India.

Mr. Ormerod added that the Government of Bombay should complete the filling of Block No. 7 and hand over the block to the Government of India for a sum of about Rs. 65.5 lakhs subject to the following conditions:—

(a) That the area which is proposed to be taken over from the Military Authorities is already the property of the Government of India and so the question of purchase or cost did not arise.

(b) That the Government of India should hand over the Juhu Aerodrome site in part payment at the estimated present value of Rs. 36 lakhs.

(c) That the interest and repayment of the loan required to be raised by the Government of Bombay for the completion of Block No. 7 should be met and guaranteed from the sale of the Juhu property.

(d) That the balance of Rs. 29.5 lakhs due to the Government of Bombay by the Government of India should be repaid with interest spread over twenty years.

Mr. Ormerod added that it was not often that a City of the size of Bombay got the opportunity of considering a site for a city aerodrome and if advantage was taken of

this opportunity Bombay would have an aerodrome in the very heart of the city similar to Berlin which is the only city having an aerodrome so centrally situated.

In conclusion Mr. Ormerod requested the Government of Bombay to give serious consideration to this proposal.

Mr. Eastley said that there were many advantages in having an aerodrome in Block No. 7 rather than at Juhu—the first and foremost being the proximity of the site. He said that Block No. 7 had also none of the disadvantages of the Juhu site and that one could take off towards the West and North-West without fear of obstruction from palm trees or wireless masts. He added that there could be no objection to Block No. 7 on the score of noise also as all taking off would be over the sea.

Mr. Rahimtoola said that the Corporation had no definite proposals before it and had therefore not expressed any opinion. Speaking for himself he said that it would be very desirable that the citizens should have to travel as little as possible to reach the aerodrome. He personally therefore welcomed the idea of having the aerodrome on Block No. 7.

Mr. McIntosh said that the Chamber of Commerce had no objection to having an aerodrome on Block No. 7 but added that the proximity of the site should not be the only criterion to judge by. He suggested that Government should go into this question very carefully in all its aspects before coming to any decision in the matter.

Mr. Manu Subedar said that, as a resident of Pali Hill, he would personally be very glad if the aerodrome were removed from Juhu, but concurred with Mr. McIntosh that the question should be examined in all its aspects before a final decision was arrived at. In view, however, of the difficulties already expressed on behalf of Government and of the great cost of locating the aerodrome on Back Bay Reclamation, it was desirable to see whether useful

areas could not be found on the eastern side of the city. The Port Trust had considerable land at Vadala. It was of importance that the scheme should be considered without imposing too heavy a burden either on the Government of Bombay or on the Civil Aviation Department. It was also necessary to keep down the costs as the fees payable by aeroplanes using the aerodrome might otherwise be heavy.

With reference to Mr. Manu Subedar's concluding remarks Mr. Bennett said that the Port Trust area known as the Mazagaon-Sewree Reclamation was earmarked for industrial development and that it was improbable that the Trustees would surrender it for an aerodrome site. He added that the only other possibly suitable plot available with the Port Trust was the timber pond lying to the North-East of this Reclamation, but that neither of the above sites was actually suitable for the purposes of an aerodrome owing to the proximity of the oil installations.

The Chairman said that so far as the Government of Bombay were aware the proposal of the Government at the present stage was only tentative, and requested Mr. Tymms to speak on the subject.

Mr. Tymms said that in approaching the problem the position in the next 50 years must be visualised as the large expenditure involved could not be contemplated for a project having only a limited or purely temporary life. He said that as the proposed aerodrome at Colaba could not be fit for use for at least 5 years, the development of Juhu must proceed, such developments being restricted to essential technical improvements and services. Dealing with the land which has been fully reclaimed, or partially reclaimed at Colaba, Mr. Tymms said that the attainment of an ideal aerodrome had been made impossible by the building of barracks on Block No. 8 but that, with the inclusion of a part of Block No. 8, about 450 yards square, between the barracks and the sea wall, something very near the ideal might be

achieved. Mr. Tymms then discussed the disadvantages of this aerodrome and the difficulties of siting aerodrome buildings thereon and the advantages and disadvantages of the various alternative sites for erecting the aerodrome buildings. Since large filling operations were in any case required for Block No. 7, Mr. Tymms said that it had been suggested to him by Mr. Arbuthnot that it would be uneconomic to relay the railway and provide the necessary plant for this area alone and that it might be found cheaper in the long run also to fill in Block No. 6, or a portion of it and make the aerodrome on Blocks Nos. 6 and 7 instead of using a part of Block No. 8. He added that this alternative proposal should be investigated before a final decision is reached.

The Chairman said that the Government of Bombay were aware of the importance of this scheme and the intricacies involved, and that they would consider this question in all its aspects. The Chairman further said that the only matter in which the Government of Bombay could give assistance would be connected with the supply of Block No. 7 and perhaps of part of Block No. 6, and possibly with the taking over of Juhu aerodrome as part of the bargain. He said that except in regard to the 40 acres of land which had been fully reclaimed in Block No. 7, the value to be attached at present to the unfilled portion of Block No. 7 was negligible and this was still more so in the case of Block No. 6.

As regards the filling in of Block No. 7, the Chairman said that the Government of Bombay could at present undertake no responsibility except as the agents of the Government of India. As regards the taking over of Juhu aerodrome the Chairman observed that the estimate of 36 lakhs given by the Indian Roads and Transport Development Association was highly exaggerated. Apart from this he said that the Government of Bombay would give their most sympathetic consideration to the proposal.

Considering the requirement of one square mile of vacant land, Mr. Manu Subedar recommended the examination of the land North of the Harbour Branch Railway, beginning from Matunga right upto Mahim Station. This was the land, which would not require any filling and would be almost ready for use and would incidentally improve the city considerably by removing the slums at Dharavi. Mr. Subedar pointed out that Colaba was by no means central and that it was five or six miles from the centre of the City, whereas the ground suggested by him would be really central and would save about ten miles' distance as compared to Colaba. Mr. Eastley pointed out the undesirability of this site as it would involve taking off over the City.

Mr. Eastley did not agree with Mr. Tymms' estimate of the cost of providing an aerodrome at Back Bay and pointed out the various advantages of Block No. 7 over the Juhu site.

Captain Colyer said that the Army Commander had asked him to place the following two points before the meeting, namely:—

1. The acquisition of the portion of Block No. 8 now under consideration would be final and no further encroachments would be considered.

2. No building of any sort or description would be allowed on Block No. 8 at any time.

In reply to the various remarks Mr. Ormerod said that half the difficulties Bombay and other important cities was faced with today were brought about by the lack of vision in the past, and he urged that very careful consideration should be given to every aspect of the case.

Mr. Tymms said that even if the City Aerodrome were located at Colaba it did not necessarily follow that the

Flying Club would operate from there. He felt sure that the Government of India would give serious consideration to the necessity for the retention of Juhu permanently as he would point out that the Civil Aerodrome would not necessarily be available for use by the Bombay Flying Club for instructional flights. He further said that he would investigate the possibilities of the land at Matunga with Mr. Lane later.

As regards the point raised by Mr. Eastley regarding the cost of Block No. 7, Mr. Tymms said, that as no details had been worked out, the cost mentioned by him was purely provisional and that the Government of Bombay would have to be asked to assist the Government of India in the matter.

Mr. Lane said that he was not in a position to be able to give even a rough estimate of the cost. He suggested that this could only be arrived at by calling for tentative tenders from reliable local firms and contractors.

The Chairman stated that any proposal from the Government of India will be very sympathetically considered and thanked Mr. Tymms as well as all the members present. The meeting then terminated.

II.—FINANCE, TARIFF AND TAXATION

APPENDIX 37

Budget of the Government of India for 1935-36

Letter No. 617. dated 1st March 1935 from Chamber to Government of India, Finance Department.

I am directed to send to you the views of my Committee on the Financial Statement of the Government of India for the year 1935-36 as follows:—

The Committee of the Indian Merchants' Chamber would have congratulated the Finance Member on the brevity and the clearness of his statement, if it had also contained a response to public opinion on the various points, which are indicated. At the same time the Committee regret the absence of explanations and important tabulated statements.

Though the Finance Member acknowledges that the tariffs are in a confused condition and, therefore, are not on a scientific basis calculated to secure the recovery of trade and industry, he has not only failed to do anything about it in the budget, but also omitted a mention of a prompt and expert enquiry, which would enable him in the course of the year to put the matter right. It must, however, be understood that the Committee are strongly opposed to the idea of a general reduction in tariffs all round.

The Finance Member's views with regard to gold exports are callous and neglectful. They are contrary to the Treasury opinion of every country in the world, even of

those who have gone off gold, where consternation prevails if any appreciable movement of gold exports takes place.

They are disappointing with regard to the future, as the Finance Member has failed to put the gold in the possession of the people on the proper footing, viz., that it is India's consolidated reserve and should be utilised through the Reserve Bank, instead of dealings in gold being treated on a par with any ordinary commodity.

He has flouted public opinion on this subject which is much better informed, and has not raised his reputation for financial competence.

The Committee of the Chamber regret that the policy of selling silver is to be continued and the proceeds of the realisations thereof are to be placed in the Silver Redemption Reserve. The Committee would like to point out that the Honourable the Finance Member has taken into consideration only one side of the picture which is the possibility of the Reserve Bank receiving silver rupees from circulation for tender to Government, but in view of Government's claim that trade conditions are improving and commodity prices are rising, the contrary is more likely to happen which is that the Reserve Bank may have more silver rupees to give out to the public in circulation thereby necessitating a demand on their part for silver rupees. Under such circumstances the Committee would request Government to preserve all the surplus silver resources for such requirement so that there may not be necessity for Government to go to the open market to purchase silver to meet the demand of the Reserve Bank for silver rupees.

While the turn of the fortune, which leaves the Post Office with a surplus, is satisfactory, the surplus is smaller than could have been expected but for the extravagance in connection with the Telegraph Department. On such surplus the Finance Member has no right whatsoever as his predecessor has already defined that the Commercial

Departments are for service and not for earning revenue. The time has come when the charges in connection with the postcards should be reduced, so as to remove the burden on the poor man and also to encourage the business community.

The Committee are opposed to additional borrowing during the year and regard the increased accumulation of Indian funds in London, which necessitates such borrowing, partly on Treasury Bills and partly as a permanent loan, as objectionable.

The reduction of the floating debt, which should be the proper objective of the Finance Department, has not received proper treatment, and Government could have gone further.

From the experience of the last three years, the public is entitled to think that it has become a habit in the Finance Department to underestimate revenue. Nobody is surprised at the so-called surpluses, which, like a Grand Moghul, the Finance Member can then distribute, calling them temporary so as to evade his obligation for a permanent tax reduction, and frittering away money, which he had taken away in excess from the people and on which the first claim is for lightening the burden of taxation.

The Income-tax surcharge should have been completely removed this year, if the Finance Member had allowed for a normal increase of revenue from all sources on account of the turn of the tide which he claims has come. The end of the year will prove that the Finance Member has been guilty of deliberately underestimating the surplus, which he will receive, and of evading the reduction of taxes that was promised. Such evasion becomes still more serious when it is realised that a reduction of taxes was possible but for the Service cut, which has been arbitrarily restored. The removal of the income-tax surcharges would have benefitted the services and Government might have

been content with that relief to the services in common with the rest of the population. In any case, the Committee feel that even this year, the limit of taxable income should be raised to at least Rs. 1500 instead of Rs. 1000.

The Committee would like to draw the attention of Government to the plight of the Indian Sugar Industry. It is reported that Java sugar was imported into India at 4 to 6 annas and in some cases Re. 1 per maund lower than the price assumed by the Tariff Board. If this is so, the Committee would very much like Government to revise the import duty on sugar so as to afford relief to the industry in its present distress.

The Committee do not desire that the salt consumers of Bengal should be penalised in the interests of producers in Aden, but the producers of salt on the mainland of India are entitled to secure conditions, which will enable them on a reasonable basis to market their product in Bengal, in preference to English or other foreign salt.

The Committee must protest once again that adequate reduction is not secured in the Military Expenditure, but actually a threat is held out that expenditure under head may increase. Indian public opinion will never be satisfied until such expenditure is brought into full review by Indians and until an attempt is made to bring the charges under this head in keeping with the general revenue position of the country, which it is not at present. The Committee feel that a saving of at least Rs. 50 lakhs could be made under this head during the course of the year and this saving, they suggest, should be added to the grant to the Provinces for rural uplift which the Finance Member proposes.

*Copy of letter from the Secretary, Indian Merchants' Chamber
to the Secretary to the Government of India, Finance
Department, New Delhi, dated 6th March 1935.*

In the statement issued by my Committee on the budget speech of the Hon. the Finance Member, a reference was made to the Budget proposal regarding the salt duty. As this reference appears to have created misunderstandings in the minds of Indian salt interests in Aden, I am directed to make the position as it was in the minds of the Committee clear. The Finance Member mentioned the charge of unfairness which Bengal members were making, of taxing Bengal consumers in the interests of Aden producers. All that the Committee of this Chamber desired to say was that, they did not want any unfair burden to be placed on Bengal consumers in the interests of Aden producers. But it has been represented to us that the $2\frac{1}{2}$ annas duty is very essential to the permanence and prosperity of Indians, who have put down salt works in Aden, who have sunk much money and who have shown the enterprise having leased their ground from the Government of India in the bona fide belief that their interests would be permanent and would not be disturbed. This Chamber has stoutly protested against the separation of Aden from India and the proposed transfer thereof to the Colonial Office. No such step would be fair without protection being given to the trading interests at Aden, but the manufacturing interests need even a more serious consideration. The Committee of the Chamber desire that no change should be made in the course of this year in the salt duties as they are, because the duty was imposed by the legislature in the interests of protection to the industry and is fair. All consumers in the world have to bear the burden of protection, but no one can agree that this burden is heavy or unfair in view of the serious fall in the price of salt. The Committee request that an enquiry should be instituted at which the Indian interests in Aden could represent their case. Any action prior to a

proper hearing being given to them would, in the opinion of the Chamber, be grossly unjust to them.

The Committee of the Chamber also depreciate any attempt to set up one province against another province in economic matters, in which it is essential that right guidance could be only found by considering the interests of the country as a whole. They feel that protection to the manufacturers of salt to replace imported salt, which was granted at the instance of the legislature, involved not only conditions, which were suitable for Aden, but conditions which were suitable for producers on the mainland, who are working under more adverse conditions than the Aden producers. The Chamber's demand is that protection should be at the level which will help even the producers on the mainland and which will, therefore, remove the anxiety altogether from the minds of the Indian producers at Aden. However, the whole question could be seriously considered at the enquiry suggested and the Committee reiterate their earnest request to Government not to disturb the salt duties this year.

Copy of a telegram dated 13th March 1935 from Chamber to Mr. Mathuradas Vissanji, representative in the Legislative Assembly.

"Committee desire you to oppose abolition of export duty on hides and skins. Indian tanning industry would greatly suffer if this export duty was abolished. It is the consistent policy of Chamber to advocate retention of export duty."

APPENDIX 38

Interview with the Hon'ble the Finance Member of the
Government of India.

**Speech of Mr. Manu Subedar, President,
Indian Merchants' Chamber, at the Inter-
view with the Hon'ble Sir James Grigg,
K.C.B., Finance Member to the Govern-
ment of India on 30th August 1935.**

It gives me genuine pleasure to welcome you in our midst on behalf of this Chamber. We had the privilege of receiving your distinguished predecessors in office ever since this Chamber was founded, and we extend to you the same cordial welcome. These personal interviews, by creating contacts, are calculated to remove misunderstandings inevitable from written communications, and I trust that this occasion, which is the first during your tenure of office and of which we shall have many repetitions, will lead to the same good result, removing misunderstandings and creating mutual trust and confidence between the commercial community and the Government of India.

BANKING REFORM

It is disappointing that the public demand for a Banking Act, recommended both by the majority and minority reports of the Central Banking Enquiry Committee, has not yet been taken in hand by Government. Such an Act is wanted in order to create healthy conditions, in which banks can prosper and in which *mala fide* promoters and weak institutions would be prevented from imposing on an unwary public. The absence of proper regulations must be held responsible for the weakness of Indian banks and for the fact that when so much capital is available for many other things, capital is not drawn into banking enterprise. The disclosures in connection with the difficul-

ties of the People's Bank of Northern India and in connection with the difficulties of banking houses in Madras would have galvanised into action any national Government, but in India the supreme law is to let matters drift, which results in leaving the field clear for the exploitation of this country by foreign institutions. This act of omission on the part of Government is really deplorable, and I trust that you will distinguish yourself by this achievement as early in your career as possible, and put up on the Statute Book a comprehensive Banking Act on lines indicated in the Banking Committee's reports.

Another serious act of omission on the part of Government is to be found in Government not carrying out the recommendations contained in the Banking Committee's reports, involving special institutions for the financing of agriculture and industry. Such institutions have worked successfully in other countries, and particularly in Japan, the small scale manufacturer receives remarkable assistance from the Industrial Bank of Japan. Government's sympathy with agriculturists and their professions through Sir Joseph Bhore at Geneva, that they are doing much for Indian industry appear to be unconvincing in the light of Government's omission for more than four years to pursue recommendations emanating from a Committee chosen by themselves—a Committee which correlated the results of numerous provincial committees and based its recommendations on as extensive a foundation of facts as is ever possible on any economic subject.

SEPARATION OF RAILWAY FROM GENERAL FINANCE

An enquiry into the working of the separation of Railway from general finances has been long overdue. The results of the separation could not be considered satisfactory, but we desire not to prejudge the issue until the enquiry, which was promised at the time of the separation has taken place. We feel that the capital resources of

Government should be conserved and should be used for the purchase of lines from company-management as their contracts expire.

SETTLEMENT WITH MARITIME STATES

One problem of very direct appeal to the commerce of Bombay is a settlement with the maritime states, by which the diversion of trade into uneconomic channels through subsidy and other means of encouragement could be stopped. It is our belief that this settlement has been delayed, because matters had been handled by the Political Department, instead of by the Finance Department which is more directly concerned, as the leakages of British India revenue in these directions become greater and greater. We desire that no injustice should be done to any state. But we feel that this matter has not been tackled with energy with a view to bring about a speedy settlement. We would similarly urge the removal of all barriers to free trade within the country put up through import and export duties levied by the Indian states. A political federation would have little meaning if a real economic union does not precede it. We recognise the many complexities of the problem, but we trust that, before you lay down the reins of your office, you will leave India economically compact for free and unfettered movement of goods throughout the geographical area.

RELIEF TO TAXPAYERS

In every country in the world an attempt is being made to reduce taxes falling directly on industry. This Chamber has objected to the principle of the imposition of the excise duty on sugar, and would object to its extension to other industries. Similarly we have asked for a removal of the surcharges on income-tax and we trust that it would be possible in the next budget to give this relief. Government have made great saving on interest charges through conversions and the extremely favourable rate, at

which they are able to place their Treasury Bills. We sympathise with your task of placing the finances of India on a proper footing before the advent of the Federation. We are aware that a call will be made on Central finances for contributing to the cost of the new provinces. But we trust that relief to taxation will be ever present in your mind, and the high hopes, which are entertained by the public in this direction, would be fulfilled at your hands. There is a general impression that the relief to the services by the restoration of the cut, as well as a reduction of duties on British imports by preference, were to come after the surcharges on income-tax and customs were completely removed. I am mentioning this point with a view to remind you that your predecessor did, on behalf of Government, recognise the importance of removing these surcharges as early as possible. We must also repeat our plea for the restoration of the half-anna postcard.

INCOME-TAX REFORM—EXPERT ENQUIRY ON

We are aware of your deserved reputation as a great authority on income-tax administration and we welcome the steps, which you propose for overhauling the system of income-tax in India and putting it on modern lines. We feel, however, that the value of the contribution, which the experts imported from the United Kingdom will make, will be seriously mitigated in the absence of local knowledge, usage, and the peculiarities of Indian economic organisation which only non-official businessmen, if associated with this enquiry, could bring with them. It is not yet too late and we trust you will find it convenient to respond to the request of the Indian commercial community in this direction.

PREFERENCE TO BRITAIN

We do not generally agree that every agreement with Britain is to our advantage; because it is an arrangement with Britain. We are critical of such arrangements, but I

deny that our comments are actuated by political motives. We are businessmen used to hard bargaining and desire to see something concrete in return for something very definite that India gives. In principle we have no objection to an equal and reciprocal arrangement with the United Kingdom, but, when preferences to Britain are introduced by the side door, taking advantage of the national demand for protection to steel and textiles, and when such preferences are standardized for all articles through an arrangement made at Ottawa in a hurry by nominees of Government without critical examination as to the directions in which such arrangement will benefit Britain, but give no corresponding benefit to India, we naturally pause and wonder. Where official apologists produce glowing reports of the beneficent results of Ottawa, ascribing every improvement in trade to the making of this arrangement, without regard to numerous other factors which would also affect the volume of trade, and when we find Indian exports shut out in one form or the other from most of the important foreign markets of India, we have certainly cause to ponder and question the wisdom of the arrangement that has been made. We would respectfully urge Government not to push on arrangements for the renewal of this agreement against the opinion of the Legislature and without the problem being examined by men in whom the commercial community have full confidence.

ECONOMIC PLANNING

We are aware that you are opposed to all economic planning, regarding it as a play of imagination. While it is possible to point out that such plans have elsewhere not been fulfilled according to programme, the Indian commercial community must still condemn Government's policy of 'laissez-faire' and drift, in a world in which a minute study and regulation of economic matters is the order of the day. Behind the Indian demand for an economic planning is undoubtedly the desire to get an authoritative statement from Government as to their primary aims, and

their attitude towards the economic well-being of the different sections of the population. The suspicion that Government do not desire to foster the growth of industries, transport, banking, insurance and other activities, can be only allayed when Government declare such growth to be their primary objective. The doctrine of economic self-sufficiency for India, which has been pooh-poohed from official quarters, is one, which we seriously maintain as a goal to be reached in the long run, and we are anxious to see Government direct their policy, not by immediate considerations of revenue or any other extraneous factors, but with this objective alone, and to correlate their action in Finance, Commerce and Railway Departments towards this end. We urge a serious consideration of this doctrine not merely because of the possibility of benefiting consumers in India permanently by producing locally what is imported, but also benefiting agriculturists by providing a sure market for their produce, because this is the only means of averting serious distress in the country arising out of an acute state of unemployment. This is one of the important means also of raising the standard of life in this country and of assisting the purchasing power of the masses. It is a pity that in India we have to seriously urge such a policy on the attention of the Government, while in other countries such as the United Kingdom, such a policy has been not only proclaimed, but is the keystone of all official actions.

REVISION OF TARIFF SCHEDULES

Only when a programme of this kind has been determined by Government, would we urge once again that the present tariff schedule, which is an overgrowth, constructed when Government was impelled by any immediate exigencies, without any scientific purpose behind it, should be revised, so that the tariffs may be fixed not merely having regard to the revenue needs of Government, but also with regard to the economic necessities of Indian industry and commerce. We believe that the consumer has in the long run

to pay more by a tariff, which, while raising prices to him, falls short of the necessary impulse to local enterprise, by which internal competition could ultimately come into operation for cheapening the prices to him for all times. It is not clear whether your statement in the Assembly that the tariffs were high and needed reduction was inspired by this objective or whether it was merely the first impression of a convinced Free Trader. May we point out that much Indian capital and thousands of workmen engaged in miscellaneous manufactures would be seriously affected by any hasty and ill-digested programme for a uniform alround reduction?

FINANCIAL SAFEGUARDS UNDER THE NEW INDIA ACT

The Indian commercial community has always been led to believe that financial matters relating to India are controlled from London, and often Indian interests are sacrificed in favour of British interests. Some justification has now been secured for such a belief in the imposition of financial safeguards in the constitution, which shows that, with regard to the topics, on which London City was most interested hitherto, the power not merely of the ministry, but of the legislature, is restricted. Even if all the elected members of the proposed Federal Houses desire a change, no change could be secured in matters relating to taxation, coinage, currency, exchange, public debt, the Reserve Bank of India and the Statutory Railway Authority, Indo-Burma Trade, and regulation of rights and privileges of British individuals and companies, without prior sanction of the Viceroy, who, on these matters, will be advised by an official not responsible to the Federal Assembly. We shall welcome very heartily any assurance, which you are in a position to give on behalf of Government, that Indian interests with regard to finance do, and will, come first in Government's thoughts. The business community, I can assure you, would like to get out of the atmosphere of suspicion into one of peaceful and constructive reform, which is

necessary in so many directions in the financial administration of India. We would like to feel that public opinion voiced by us on behalf of the commercial community is being carefully considered and that the Finance Department will be willing to respond with sympathy and goodwill towards Indian interests and to invite our active co-operation.

NEED OF RAISING PRICES

Indian public opinion has asked for a lower Exchange ratio. All countries in the world have departed from the pre-war exchange basis, and there is a school in the United Kingdom, which actually now holds that such departure in the case of England has resulted in great economic advantage and in relieving unemployment. The argument that, in terms of gold, the Indian ratio is today lower than it was before 1931, is of little value as, since it is with and through the United Kingdom the financial settlement of India's trade takes place, it is in terms of sterling that the ratio should be reduced, when the time comes, as part of a well-devised economic plan. The commercial community have also asked for a mild measure of inflation with a view to raise prices in India. Government spokesmen have acknowledged the great necessity of raising prices in order to restore the purchasing power of the masses and to give the necessary fillip to trade. But we have not known of any definite measures initiated by Government to secure this end. I venture to think that, if these two measures had been taken simultaneously when they were asked for, the export of gold would not have occurred from this country to the same extent to which it has occurred.

The commercial community do not wish to see the export of gold treated like the export of any other commodity. It is regulated everywhere in the world, while in India it is left to any private individual to buy it and send it out. Even if the authorities feel that the export of gold helps the maintenance of the exchange and it is

necessary, it should not be allowed to take place as it is taking place today. The Chamber would like to know whether Government are not still satisfied that the bulk of the gold going out is distress gold due to the intensity of economic depression and fall of prices. (Speaking, not on behalf of the Chamber, but for myself) I would like to draw your attention to the recommendation in the minority report of the Central Banking Committee that the import and export of gold should be the exclusive privilege of the Reserve Bank of India, who would deal with it at its discretion in the best and most effective manner when it is absolutely essential for the purposes of maintaining the exchange.

We have been following in the wake of the United Kingdom in the matter of finance, whether it suits us or not. Since 1931, the steep fall of money rates, which has taken place, is in slavish imitation of the policy of low money rates in the United Kingdom. The $3\frac{1}{2}$ per cent bank rate in Bombay does not reflect the majority of money transactions that are taking place all over the country. The result of low money rates has led to the concentration of funds in the money centres, leading to speculation in government securities, shares and silver. It has not raised prices and has not had the same beneficial effect on prices as in the United Kingdom. The following table will show how Government have failed to take the necessary measures to give a fillip to prices in response to Indian public opinion, while the Government of the United Kingdom has in this direction secured no mean achievement.

Table of Prices in the United Kingdom and India.

	<i>United Kingdom.</i>	<i>India.</i>
September 1931	100	91
April 1933	98.7	84
July 1935	111.6	91

We deplore the contrast. We bring it to your notice in the earnest hope that measures, which you may devise,

and the expert knowledge, which you can bring to bear on this subject, will, during your tenure of office, achieve this object, calculated equally to help the people of this country and to reflect beneficially on the finances of the Government. Since Indian commodities like wheat, rice, sugar, copra, coffee, fruits, etc. are also threatened by imported production, the seriousness of the problem will, we trust, be realised by Government.

THE HON'BLE MEMBER'S REPLY

I am very grateful to your President for his opening words of welcome and I am very glad to have this opportunity of meeting the Indian Merchants' Chamber. I may say that Mr. Subedar has been kind enough to furnish me with an advance copy of his speech. Naturally my remarks must be devoted to replying to his questions on the various topics he has raised and in consequence of his kindness I have been enabled to cast my reply in a more precise and considered form than would otherwise have been possible.

BANKING REFORM

A Banking Act is of course an integral part of the amendment of the Company Law. The general question is, as you know, being actively pursued and the Banking aspects of the general question are being taken up in conjunction with the Reserve Bank.

As regards the question of special institutions for financing agriculture and industry you will not have forgotten that the responsibility for studying the question of agricultural credit has been placed upon the Reserve Bank. One important aspect of agricultural credit is the condition of the Co-operative Movement and, as the Chamber knows, Mr. M. L. Darling has recently completed a tour of special duty for this purpose and his Reports are now under the consideration of the Bank.

As regards industrial finance, this is in the main a Provincial responsibility but I would permit myself two or three observations on the matter—

(a) The experience of those Provinces which have set up industrial finance machinery has not been uniformly encouraging.

(b) So far as I can see, there is in India no dearth of cheap finance for sound industrial enterprises. Indeed you yourself say “when so much capital is available.” And there can be no doubt that so far from there being a shortage of capital a number of concerns have found financial support which from the start have had no chance of success owing to their inherent unsoundness.

In any case the best service the Government of India can render industry in the financial sphere is to insist on a sound budgetary and financial policy and so to foster the maintenance of cheap money. This they certainly have done and are continuing to do. Sound and efficient enterprises require nothing more; unsound projects are much better left without finance.

RAILWAYS

I notice a certain inconsistency between your remarks under this and the previous head. Here we are told that the capital resources of Government should be conserved; there we were told that “so much capital is available” and were exhorted to spend the nation’s capital in setting up and presumably subsidising industrial and agricultural finance corporations.

However, on the subject of Railway Finances I can say, first, that there are certainly some provisions of the Separation Convention which have not worked very well and, secondly, that the whole of the financial arrangements for the Railways must be overhauled in connection with the institution of the Federal Railway Authority. But the

actual financial arrangements between Government and the Authority, though important, are not nearly so important as the financial condition of the Railway system itself. And at present I am bound to say that the persistent deficit on current working the early disappearance of which the recent falling off in earnings forbids us to expect with any confidence must be a matter of anxious concern to Government. It is at present impossible to say whether or not this very definite set back is due to purely temporary causes but I can anyhow assure you that we are giving our earnest attention to this problem of restoring solvency to the Railways. As the Chamber knows, two-thirds of the public debt is attributable to the Railways and clearly the solvency of the system is a matter of vital importance to India.

MARITIME STATES

I am afraid that I cannot give you any very definite information as to the progress of the negotiations with the Kathiawar States. I will, however, say that I hope and believe that we are now not very far off a solution of this problem which will reconcile the treaty rights of the States concerned, the revenue interests of the Government of India and the commercial interests of British India in general and particularly of Bombay.

I have seen it stated—incidentally I believe that the origin of the statement was an agent of one of the States—that the Government of India were merely concerned with their own revenue position and not at all with the commercial interests of Bombay. I can assure you that this is completely untrue; our constant endeavour is to reach a solution which will prevent any illegitimate diversion of trade from Bombay. I can also assure that in these matters there has been, so far as my experience is concerned, the most complete co-operation and identity of aim between the Political Department and the Finance Department.

And now one word about Free Trade in Continental India. Of course I believe in this but the States have rights and those rights can only be acquired by agreement and the question for the present Government of India is whether the acquisition of these rights is from the point of view of British India worth the cost. I am afraid that I think the answer to this question is extremely doubtful.

RELIEF TO TAXPAYERS

I am fully aware of the pledges of my predecessor about the removal of the surcharges on Income-tax. I think that you are mistaken in saying that, according to these, the restoration of the pay cut was to come after the relief of taxation. But however that may be, the cut having been restored, it is quite clear that the pledges mean that the surcharges on Income-tax are now first in order of priority. Needless to say I shall do my best to carry out these undertakings as soon as possible consistently with the preservation of budgetary equilibrium. As you have said, during the next few years there will be many and serious calls upon the expenditure side of the Budget in connection with the institution of provincial autonomy on a sound financial basis and the separation of Burma—not to mention expenditure in connection with Quetta. It is very difficult in the disturbed circumstances of the present time to look ahead but I hope that it will be found possible to meet the more urgent needs of the provinces and at the same time to satisfy—I will not say the full desires—but, at any rate, the needs of direct taxpayers.

INCOME-TAX REFORM

As there has been a certain amount of misunderstanding on the subject of the Expert Enquiry on Income-tax, I may perhaps explain that this was originally intended by me to be a purely administrative overhaul. At

a later stage representatives of the commercial community pressed upon me the view that the scope of the Enquiry should be enlarged to cover the structure of Income-tax itself as well as the more important grievances of taxpayers. I readily agreed that an opportunity should be given for representative commercial bodies to put forward their views fully to the Experts by the submission of memoranda and, in the more important commercial centres, orally as well. I have every intention that this pledge shall be fully carried out. But I am unwilling that the original intention of the Enquiry, which, as I have said, was that of carrying out an exhaustive administrative overhaul, shall be lost sight of and, in my view, such an overhaul can only be carried out by Experts.

PREFERENCE TO BRITAIN

Both of the points you raise here are primarily for the Commerce Member but I may perhaps without impropriety make one or two comments.

(a) You say that you do not generally agree that every arrangement with Britain is to your advantage merely because it is an arrangement with Britain. You will forgive me if I say that I very much get the impression that a good many commercial bodies make up their minds, that every arrangement with Britain is to India's disadvantage solely because it is an arrangement with Britain.

(b) So far as differential duties in the case of steel and textiles are concerned, I have always understood particularly from Sir Joseph Bhore, that differential duties were introduced entirely in the interests of the Indian consumer.

(c) I do not believe for a moment that the restrictions placed upon Indian imports by, *e.g.*, Italy and Germany have anything to do with Ottawa. The restrictions are indubitably due to currency and exchange difficulties and

not to a desire to punish India. In this connection I would ask you to note that there is no discrimination against India by either of these countries or, I think, by any other country.

(d) I do not wish to prejudge the ultimate question of the Ottawa Agreements but I personally am convinced that on balance and looking only to the next few years—which is all that anybody can do—the Agreements are more favourable to India than to the United Kingdom.

ECONOMIC PLANNING

I think that you do my views on this subject a little less than justice. I explained the exact sense in which I believe in laissez-faire in a speech delivered in the Assembly on 25th March (Official Record, Cols. 2708-9). I also explained the extent to which I believed the doctrine inapplicable to the present state of affairs in India.

Even if you don't agree with these views I ask you to believe that whatever I do will be designed to promote the interests of India. And when you suggest that you entertain the suspicion that the Government of India "do not desire to foster the growth of industries, transport, banking, insurance and other activities" or when you ask for an assurance that Indian interests come first in Government's thoughts, I suggest that you are talking politics and not business.

But if it is necessary, let me assure you once more that Indian interests do come first in my thoughts and that I do desire to foster the growth of industries, transport, banking, insurance and other activities to the maximum extent possible consistent with the interests of the people of India as a whole. But please do not forget that 9/10ths of the people are agriculturalists and it is no good fostering industry and so on if you place upon the backs of the cultivator burdens too grievous to be borne. All this I have said over and over again in the Assembly and I do

not want to labour matters unduly. But let me place before you one or two points which might legitimately be made by a hostile critic of the high protection policy of the last 10 or 15 years.

I start with a quotation from Professor Pigou:

"From a long-run standpoint restriction of imports is not a means of defending native producers of certain goods against foreign producers of those goods; it is a means of defending native producers of domestic goods against native producers of export goods."

Applied to India this means that there is and must be a certain conflict of interest between industrialists and agriculturalists. And it is the business of Government to decide between these conflicting interests. Now it is indubitable that industrial prices are above the pre-war figure while agricultural prices are very much below and this in itself creates a presumption that industrial protection has been overdone. And when we consider further that none of the protected industries (except steel) have shewn any real signs of establishing themselves on a self-supporting basis and when we consider the serious inroads that protection has made into Customs Revenue—so that not only is the task of financing Provincial Autonomy being made extremely difficult but for years nation-building services have been starved in the interests of a comparatively small number of industrialists—when, I say, we reflect on these things, can it be denied that there is a lot to be said for the view that Government has been far too ready to listen to demands for high protection? Incidentally let me enter an emphatic demurrer to one sentence in your remarks:—

"We are anxious to see Government direct their policy, not by immediate considerations of revenue or any other *extraneous* factors." Extraneous forsooth! I can assure you that for me revenue considerations are a matter of deadly earnest and not at all extraneous.

Personally I quite definitely disbelieve in your dream of economic self-sufficiency and I am afraid that if it is seriously pursued, the lot of the cultivator will become so intolerable that dangers hitherto unknown will show their heads in India.

You may jeer at my distrust of economic planning if you like—though every day that passes provides further justification of my distrust—but I believe firmly that two things only are necessary for economic welfare. The first is that Government should foster healthy conditions in which industry (and all other economic activity) can prosper—you notice that I am quoting practically verbatim from you—and the second is that the people themselves should show enterprise, resolution, hard work and efficiency. No Government can create a prosperous industry unless the industrialists themselves do their part. I maintain that Government is doing its part and I respectfully suggest that you should do yours, and I also suggest that your part is not to expect Government always to carry your baby. Whether economic planning is right or not, I for one am not going to stand for that form of it which consists in Government taking all the losses and leaving all the profits to others. And if there is any other form, I suspect that it is only that now in force in Soviet Russia and nowhere else in the world.

TARIFF SCHEDULES

You may take it from me that there is not going to be "any hasty and ill-digested programme for a uniform all-round reduction." There is no money for anything of that sort. At present the matter has not progressed beyond an attempt at a scientific departmental examination of the problem. The objects of this examination are, so far as the Revenue Tariff is concerned, first to see whether the Tariff is fully efficient as a Revenue producing instrument and, secondly, to see whether it can be simplified in the interests of the commercial community.

I pass over a third object, viz., the interests of the consumer, whom it is usually considered bad form to mention in commercial circles because to do anything substantial for him would, as I have several times said in the Assembly, cost more money than is likely to be available in the immediate future. I cannot for one moment admit that the secondary protective effect of the Revenue Tariff is the most important factor to be taken into consideration. It is one of the fundamental principles of India's fiscal policy that the primary purpose of the Revenue Tariff is revenue and in the present state of Indian finances we cannot lightly acquiesce in any widespread application of the law of diminishing returns. But all this is at the moment slightly academic; until the departmental examination has been concluded there are not likely to be any startling changes in the Revenue Tariff.

SAFEGUARDS

You say that the Indian commercial community has always been led to believe that in financial matters Indian interests are sacrificed in favour of British interests. Quite frankly I think you have absolutely no warrant for saying anything of the sort. I know from my own experience in the British Civil Service how rigidly and loyally the Fiscal Convention has been observed—moreover, I have heard it said by Indians that leaving Lancashire entirely out of account, a little less rigidly correct attitude in this respect on the part of H. M. Government would have been greatly to the benefit of India, taken as a whole.

However I pass that by and confine myself to reminding you of what has been said so often by Cabinet Ministers in England that it rests with *Indians themselves* to ensure that the Safeguards under the new constitution should become a dead letter. If they are proved to be necessary they must of course be used but there is no priori reason why it *should* become necessary to use them. Wild statements have been made in both countries and

these are the background against which suspicion and rancour have grown up. I, like you, should applaud the disappearance of this suspicion and rancour but in the process of removing it you will have to do your bit.

RAISING PRICES . .

Let me at once say that I will be no party to any monkeying about with the present ratio. And I say this because I am a servant of India and for no other reason.

Nobody would be more glad than I if a healthy rise in the price of primary products could take place in this country. But in my sincere conviction the effect of a lowering of the ratio would be to leave agricultural prices where they are—or even to lower them—and to raise the prices of manufactured articles. And this could only, in the face of the disparity between agricultural and other prices to which I have already referred, lead to a further worsening of the position of the cultivator. Apart from this a lowering of the ratio would make the budgetary problems of India, already sufficiently difficult, quite insoluble. Moreover, as you yourselves point out, cheap and plentiful money, which already exists and which is the normal and recognised means of raising prices has in India tended to create unhealthy speculative conditions and this seems to indicate that for an agricultural country cheap money is not in itself sufficient to raise prices. In my view there is needed in addition a general agreement among the nations of the world to stabilise their currencies and to reduce the restraints upon international trade.

Gentlemen, I thank you for listening to me so patiently. Like your President I have spoken very frankly. Between us there are divergences of view but I agree heartily with him that only by a frank expression of opinions on either side is there any hope of an appreciation of each other's standpoint and who can say that, in the end, these interchanges will not result in a greater measure of agreement than now appears to be the case.

APPENDIX 39

Ottq Niemeyer Committee

Telegram dated 19th September 1935 from Chamber to the Government of India, Finance Department.

"Indian Merchants' Chamber strongly protests against the appointment of a non-Indian as Chairman and only member of the Financial Relations Committee whatever his previous experience may be. Why have the farce of a Committee if expeditious procedure wanted. Since date of Federation is not fixed, point about expeditious procedure with one outside man only is absurd. Business community vitally concerned with issues. Even after Finance Member's studied repudiation of economic ideas held firmly in India since the days of Dadabhoy, Dutt, Subramani Iyer, Chamber did not expect this deliberate omission not only of non-official experts or businessmen but of all Indians in this final Committee to settle financial relations between Provinces and Government of India. Even those whose co-operation was actively and anxiously sought by Government in the Round Table Conference are omitted. Chamber regards this as an objectionable practice and tradition since Indians continuously excluded from Meston, Howard-Nixon and other financial enquiries. Not only Legislatures ignored but Indian co-operation flouted. Action of Government in marked contrast with appeal of His Excellency Viceroy regarding the constitution. In view of public indignation and protest Chamber trust Government will reconstitute this Committee."

APPENDIX 40

Currency Notes (Refund) Rules and Remittance facilities

Letter No. F. 1132 dated 2nd August 1935 from the Federation of Indian Chambers to Indian Merchants' Chamber.

The Committee of the Federation, at their last meeting, considered a question for addressing a representation

to the Reserve Bank authorities in connection with the Currency Notes (Refund) Rules. They understood then that the Reserve Bank authorities would be offering free remittance facilities to scheduled banks with a view to minimise the chances of the currency notes being cut for remittance purposes in the mofussil. I am writing this with a view to ascertain from the Member-bodies as to how far the advantage, that the scheduled banks have secured from the Reserve Bank through the offer of free remittance facilities is transferred by the scheduled banks to the commercial community in the mofussil for their remittances and shall feel obliged if you will be good enough to communicate to me the experience of your various constituent members in this connection. The Committee feel that unless we definitely know the result of free remittance facilities, offered by the Reserve Bank, on resorting to old methods of cutting currency notes and utilising them for remittance purposes, it would be rather premature to suggest to the Reserve Bank authorities to amend the rules with a view to remove certain hardships felt by the commercial community at present. I shall, therefore, thank you to supply to me instances wherein free remittance facilities have not affected the old method of remittance resorted to by the commercial community in the mofussil. On hearing from you, a further communication will be addressed to the Reserve Bank in connection with the amendment of the present rules.

*Letter No. 2294 dated 18th September 1935 from Chamber
to the Federation.*

With reference to your circular letter No. F. 1132 dated 2nd August, I am directed by the Committee to enclose herewith a copy of the Office Note embodying the result of the enquiry made in the local bazar regarding the Currency Notes (Refund) Rules and free remittance facilities by the Reserve Bank of India.

Office Note regarding enquiry from the Federation of Indian Chambers of Commerce and Industry regarding Currency Notes (Refund) Rules and free remittance facilities by the Reserve Bank of India.

On making enquiries in the matter from the Marwari Chamber of Commerce and the Shroff Bazar, the general opinion seems to be that the free remittance facilities offered by the Reserve Bank of India to the schedule banks have not been of any material help to persons remitting small amounts to various places and particularly to mofussil. The remittance facilities offered by the banks are only available for movements of fairly big amounts. Then again these facilities could only be availed of in places where the Reserve Bank or the schedule banks have their offices. Remittances being made by persons doing business on a small scale, however, are of small amounts for which the present recourse to send out currency notes through Post is the only recourse. It is therefore felt that the free remittance facilities offered by the Reserve Bank to the Schedule Banks have not in any way improved the situation and the need of sending out currency notes remains as great as before.

Letter No. 1398 dated 17th October 1935 from the Federation to the Secretary, Reserve Bank of India.

I am directed by the Committee of the Federation to invite the attention of your Board to a resolution adopted by the Government of India, Finance Department, dated Simla, 30th August 1934, on the Report of the Committee appointed to examine the Currency Notes (Refund) Rules and the question of offering cheap remittance facilities to traders and banks in the mofussil with a view to prevent the cutting of currency notes for remittance purposes. As your Board are aware, the Government of India, in view of an undertaking given to the Legislative Assembly in August

1933, appointed a small Committee to examine the present Currency Notes (Refund) Rules and to report on the modifications necessary therein. The Committee, while examining the question, came to the conclusion that in the absence of adequate and cheap remittance facilities, the commercial houses and the banks in the mofussil have resorted to the practice of cutting currency notes for remitting amounts from one centre to another. The present facilities offered by the Post Office and the Government Treasury are neither cheap nor convenient to these interests, and the Committee, in their report to Government, suggested certain remedies by way of offering cheap remittance facilities so as to minimise the chances of cutting currency notes in these transfer dealings.

2. The Committee feel that in a vast country like India where the internal trade runs into lakhs of rupees at every trading centre, it is out of necessity in the absence of any banking facilities that the banks and the commercial firms have to resort to the cutting of currency notes and to forward them through post to meet their obligations at the various trading centres. This has been for decades the cheapest form of transfer of money from one place to another where postal service is maintained, and it would be penalising the commercial community and the banks in preventing them from resorting to cutting of notes for transfer purposes. Such a practice cannot be eradicated unless the Government of India offer very cheap facilities for safe transfer of money either under the postal insurance system or through their Treasury Offices. Even the Committee appointed to investigate this question had to admit that the present facilities did not go to satisfy even the minimum requirements of trade in the mofussil. The Committee are also cognisant of the fact that it would not be possible for either the Reserve Bank or the Imperial Bank or any un-official banking organisation to create a network of banks throughout the trading centres of India. It has, therefore, become necessary for the Committee to examine the rules framed for the refund of currency notes

lost, stolen or mutilated, and they trust their views would receive due consideration at the hands of the Board of Directors.

3. Under the Reserve Bank of India Notification No. 1 dated New Delhi, 16th March 1935, the Central Board of Directors announced a set of rules called the Reserve Bank of India (Note Refund) Rules, 1935. These rules are practically the same as the old Currency Notes (Refund) Rules, 1927, and certain hardships to which the commercial community is put are still being continued under the new Rules.

4. Under Rule 5, no claim is entertained in respect of notes of the denomination of Rupees Five and Ten alleged to have been lost or wholly destroyed or mis-matched. This has affected a number of small remitters and some relief should be given to them in such cases.

5. The main grievance of the commercial community and the banks is that the prescribed officer is supposed to be the final authority in the interpretation of these rules and there is no relief allowed in cases where his interpretation seems to be arbitrary or unjust. Under Rule 15 where the claim is made in respect of a note alleged to have been lost or wholly destroyed, the prescribed officer has the final voice to reject the claim if he is not satisfied and the claimant is not afforded any relief by a reference to the Civil Court to prove the bona fides of his case. The procedure laid down under Rules 14 and 15 for the full payment of the note is a very lengthy one stretching over a period of five years. Either the period should be reasonably curtailed down against a bond of indemnity taken from the claimant or there should be another alternative under which the claimant should have the amount made available to him within a very short period on the admission of his claim.

6. The manner in which prescribed officers utilise their powers invested under Rules 14 and 15 can be well

illustrated by an instance brought to the notice of the Committee by one of their Member-bodies, which relates that one of their constituents lost half portions of notes of the value of one lakh of rupees. The currency authorities offered him Rs. 50,000 for the half notes which remained in the possession of the claimant and refused to entertain any claim for the other half, which was lost in spite of the fact that the currency authority acknowledged the claimant as the last lawful owner of the entire notes of the value of rupees one lakh. The Committee feel that circumstanced as the commercial community and the banks are in the mofussil as regards remittance facilities, the Reserve Bank authorities should consider the working of the note refund rules and would be pleased to modify them in a manner as to minimise the chances of these rules being utilised towards denying justice to rightful claimants seeking relief under them.

Letter No. 2477 dated 10th October 1935 from the Chamber to the Reserve Bank of India.

I am directed by the Committee of this Chamber to address you, regarding the desirability of reducing remittance charges on moneys moving from place to place in India to increase free mobility of capital as exists in other countries. This question has been engaging the attention of the commercial community for a very long time, and is of great importance also with regard to the question of the cutting of currency notes. Owing to the absence of remittance facilities a great handicap is placed in the way of the development of internal trade and also in the way of the proper functioning of indigenous banks.

With regard to remittance charges, the majority Report of the Indian Central Banking Enquiry Committee have, in paragraph 142, recommended "the extension of facilities for remittance of funds through the Imperial Bank or the Reserve Bank at the same rates as are charged to all joint stock banks, to indigenous bankers who are included in the schedule of member-banks." They have also emphasised

still further the question of remittance facilities in paragraph 566, where they say that "one of the essential services which commercial banks are expected to render to the public is to transmit moneys from one centre to another quickly and economically." They refer to the question of rates for remittance and observe that the cost of the internal remittance in this country is higher than in other countries, and recommend that "it should be reduced as far as possible with a view to a better utilisation of the resources of the country and a lowering of rates of interest generally throughout the country."

The Minority Report of the Central Banking Committee has also dealt with this question in paragraph 305, where it is mentioned that the "ideal is to eliminate remittance charges altogether." It is also further observed that the "remittance charges on the flow of funds from one centre to another offer a serious interference to the mobility of loanable capital." The paragraph concludes with the following recommendation:—

".....The public have been deprived of a very valuable convenience and a retrograde step has been taken in banking by the withdrawal of these facilities by the Imperial Bank. It should be the task of the Reserve Bank to see that these facilities are restored. The privileges, which the Reserve Bank would give to their member-banks, might to some extent be transferred by these banks to their own clients. Whoever does agency business for the Reserve Bank, should, however, have this obligation imposed on him as part of the contract for agency."

When the Reserve Bank Bill was in the Select Committee, this matter was discussed, when it was specifically settled that the facilities given by the Reserve Bank to the member-banks were understood to be, not concessions or privileges to the member-banks, but in discharge of the obligations on the Reserve Bank to reduce the remittance charges throughout India, the Reserve Bank using the

member-banks as its channel for passing this benefit on to the public.

The member-banks do not seem to be under this impression, or to have realised their responsibilities in this matter, as, not only has the benefit not passed on to the public, but some of the banks are claiming that this benefit is especially given to them in return for the cash, which they are leaving with the Reserve Bank. The attitude of the Reserve Bank deserves to be cleared up on this account.

The Committee of the Chamber would very much like a clear statement on the subject for the benefit of the public as well as to deal with the misimpression, which seems to have gone out to member-banks.

Letter No. C.O.R. 536/1085-35 dated 15th October 1935 from the Secretary, Reserve Bank of India, to Chamber.

With reference to your letter No. 2477 dated the 10th instant, I am directed to say that the question of the extent to which the concessions granted to the scheduled banks in the form of remittance facilities are being passed on to the public is engaging the attention of the Bank.

Letter No. 2604 dated 23rd October 1935 from Chamber to the Secretary, Reserve Bank.

I am directed by the Committee of this Chamber to acknowledge receipt of your letter No. C.O.R. 536/1085-35, dated 15th October 1935, and to observe that they have noted that the question of remittance facilities is engaging the attention of the Reserve Bank. My Committee will be glad if you will kindly communicate to them, as soon as possible, the decision arrived at by your Board on the matter.

APPENDIX 41

Receipts for Loan Bonds for Interest.

Letter No. 1650 dated 3rd July 1935 from Chamber to the Manager, Reserve Bank of India, Bombay.

The attention of the Committee of this Chamber has been drawn to the great inconvenience and hardship experienced by the business community in regard to the system adopted by the Reserve Bank authorities for the passing of receipts for loans for interest slips thereon from the Bank.

Formerly when the work of the Public Debt Office was carried on by the Imperial Bank of India, the system in vogue was that the Imperial Bank authorities used to pass receipts in the names of persons who presented loans for interest slips. This was but proper and fair. Persons presenting such loans to the Bank are responsible for the safe custody of such loans to their constituents and principals. Such receipts are not receipts for ownership of loans, but are merely issued to show that the Bank has received such and such loans from parties concerned.

My Committee now understand that the Reserve Bank authorities in Bombay have adopted a different system, namely of passing receipts in the names of persons owning such loans. My Committee would be obliged if you will kindly enlighten them if this is so. You may not be unaware that there is a great business in Bombay going on with regard to recovery of interest for such loans, etc., by Shroffs and Commission Agents on behalf of their constituents upcountry. These Shroffs and Commission Agents play a very important part in internal trade, and the work which they do with regard to recovery of interest is sometimes done free of charge for their constituents, as they expect a large amount of business through them. If, as is now reported, the Reserve Bank has adopted a method different from what was followed upto now by the Imperial Bank of India, these Shroffs and Commission Agents will have to send all these slips to their constituents for signa-

ture. It will mean serious delay, as also a danger of these slips being lost or misplaced. So far as my Committee are aware the different Banks which may be collecting interest on behalf of their constituents are still continued the privilege of getting the slips themselves and are not obliged to send these slips back to their constituents. There is, therefore, no reason why there should be such a discrimination between one class of bankers and another.

Under the circumstances, my Committee hope that you will be kind enough to enlighten them as to the reasons which have actuated the Reserve Bank authorities in adopting a new procedure in this regard.

*Copy of Letter No. PDO/1954 dated the 5th July 1935
from the Reserve Bank of India to the Chamber.*

In reply to your letter No. 1650 of the 3rd instant, I have to state that it is a fact that the Receipt Writers have been instructed not to issue Receipts through persons lodging the securities over the counter unless such request is supported by a letter from the holder of securities or the permission of the Head of the Department is obtained.

The present procedure has been in force since 20th September 1932 and is obviously desirable in the interests of the security holder. In the cases mentioned by you it should be a simple matter for the presenters to obtain such authority in advance.

APPENDIX 42

Inspection of Share-Register of Reserve Bank

*Letter No. 2733 dated 13th November 1935 from Chamber
to the Secretary, Reserve Bank of India, Calcutta.*

With reference to the election of Directors in various provinces, experience has disclosed difficulties on the part

of shareholders and proxy-holders, which it is desirable to eliminate in future by an appropriate change of rules.

The difficulty disclosed was that proxy-holders were not allowed inspection of the Share Register with reference to the election of Directors, in different provinces, of the Reserve Bank, recently held.

It does not appear right to the Committee of this Chamber that the shareholder (proxy-holder) should not be in a position to ascertain the exact numbers of his own shares, or the shares for which he is holding a proxy. If this entails clerical or any other labour, a small fee should be attached to this on payment of which it should be open to the shareholder or proxy-holder to ascertain the number of shares standing in his name or in the name of a party for whom he holds authority (proxy). In any case, these facilities should not be denied to those shareholders, who for any valid reason, such as loss or non-delivery of share certificates, are unable to quote the numbers of their shares in the proxy forms.

The Committee trust that the Directors of the Reserve Bank will invite fullest information on this subject from various provincial centres and will revise the rules for the conduct of these elections in future so as to eliminate this ground for complaint.

*Letter No. C.O.R. 638/397-35 dated 16th November 1935
from the Reserve Bank to Chamber.*

With reference to your letter No. 2733 dated the 13th November 1935 I have to invite a reference to regulation 6 of the Bank's General Regulations under which, except when closed under the provisions of the Bank's Regulations, Share Registers are open to the inspection of any shareholder gratis at the office of the Bank and copies of any part thereof can be granted on prepayment at the rate of

six annas for every hundred words. Proxy-holders could not get inspection of the Registers at the time of the recent Election because they were closed under section 9 (4) of the Reserve Bank Act and Election Regulation 2. This closing of the Share Registers for a certain period before the election is necessary and it is not therefore feasible to amend the regulations in this respect. I may add that the difficulty experienced by proxy-holders and shareholders at the recent Election was due, in a majority of cases, to the fact that shareholders had not taken the trouble to take delivery of their certificates.

*Letter No. 2972 dated 28th November 1935 from Chamber
to Reserve Bank of India.*

I am in receipt of your letter No. C.O.R. 638/397-35 dated 16th November 1935 in the above matter which has been considered by my Committee at one of their recent meetings.

The difficulty experienced in connection with closing of registers last time during the election was that the proxy-holders, candidates and shareholders could not get inspection of the same with a view to ascertain the registered numbers of shares for which proxies were signed. Many of these shareholders were those who had deposited the shares with their bankers in safe custody and were not able to enter the numbers of the relative shares in the proxies they signed. My Committee, no doubt, appreciate that the Share Register or Register of Members must be closed for transfer for a certain period before the election date but it is submitted that inspection of registers as distinguished from registration of transfers should be open for the convenience of candidates as well as for shareholders and proxy-holders who wish to inspect the registers during this period with a view to ascertain share numbers.

APPENDIX 43

Trade restrictions 'abroad and India's foreign Trade

Letter No. 1625 dated 29th June 1935 from Chamber to the Government of India, Commerce Department.

The attention of the Committee of the Chamber has been drawn to the various restrictions in the form of prohibitions, monopolies, quotas, exchange restrictions, license system, etc., which have been imposed time after time in various European countries during the last few years on the export trade of India. While stating this, my Committee are not unmindful of the fact that no restrictions as such have been imposed in a discriminating manner and that the trade of India as such is not discriminated against. These restrictions have been imposed on the imports into those countries with a view to increase exports and to minimise the imports and thus to set the balance of trade in favour of the countries which are having this policy of restrictions. The Committee at this stage do not propose to enter into all the economics and politics of the policy underlying these restrictions which have characterised the new economic policy of some countries in Europe.

While my Committee observe, as stated in the first paragraph that India as such is not discriminated against, they cannot help saying that many of these restrictions have been brought into operation from 1933, i.e., soon after the Ottawa Trade Agreement came into being. It is well known that India's best customers in the sense that they bought more than they sold to India, have been Germany, France, Italy and Japan and not Great Britain and the British Dominions. The adoption of the new economic policy by these countries has resulted in a grave disruption of the usual trade and diverted its flow into channels

other than those into which, upto this time, it was running. Thus Germany, which was purchasing from India more than she was exporting to her, is now exporting more to India than she is purchasing from her. The balance of trade, thus between India and other countries is unsettled. There is also another effect which has been felt already and which may be felt more in the near future, which is that a particular trade may be taken away from individuals and firms who had been engaged in it for years.

It has come to the knowledge of my Committee that the export of seeds, cotton, lemongrass oil, spices, etc., for instance, to the Continent is being taken up by certain European firms, which, upto this time, were doing only import business. There is no reason, of course, why an importing firm should not take to export business. My Committee, however, adduce these instances to show how the whole of the new economic policy affects adversely the interests of India, both as regards the general trade and the trade of her nationals.

My Committee feel sure that Government must have been watching this problem and that they have, perhaps, been contemplating certain measures to counteract the evil. My Committee will be obliged if Government will be pleased to state what measures, if any, they have been contemplating. If, however, Government have not considered any likely remedies my Committee would like to put forward for serious and immediate consideration of Government a scheme for regulation of imports and exports from India to those countries which have adopted restrictive measures, and the natural consequences of this scheme would be a system of licenses. The object of licensing would be partly to see that current channels of trade are not disturbed, that the volume of India's export is not reduced, and lastly, that Indian nationals engaged in this trade, who are being penalised at present, should have their proper share in the import and export trade

of this country, instead of such trade passing into the hands of the nationals of the Continental countries who have adopted this policy. It is inevitable that, when Government proceed further in this direction, there would be the necessity of some form of reciprocity in the benefits conferred on other nationals corresponding to the benefits, which are received by Indian nationals. This system would lay the foundations for trade treaties for which, my Committee understand, negotiations are proceeding, but in which so far no agreements have been reached. The Committee of the Chamber would be much obliged if they are informed in detail about the progress of these negotiations for trade treaties with different countries, such as Canada, Ireland and Italy. My Committee also request that in all such negotiations the status and privileges of Indian firms in those countries should also have correspondence with the status and privileges enjoyed by their firms in this country.

In this connection, my Committee beg also to point out very strongly that it is not only the interests of the commercial community which are affected, but the interests of agriculturists and producers are also seriously involved.

I am directed to submit herewith a statement showing some of the restrictions imposed during the last two years in the various European countries.

SUMMARY OF IMPORT AND EXPORT RESTRICTIONS AFFECTING INDIAN COMMODITIES

<i>Country.</i>	<i>Commodity.</i>	<i>Form of restriction.</i>
1. France	Linseed	Quota fixed at 1250 thousand quintals for half year January to June 1934.
"	Cotton seed	Quota fixed at 350 million quintals for half year January to June 1934.
"	Castor & Groundnut seeds	Imports allowed only on obtaining individual licences.
2. "	Gums and Rasins.	Import quota for gums and rasins fixed at 50% of the imports on the basis of 1933 quota.
3. "	Rice	Duty doubled.
4. "	"	Quantity restricted and subjected to license; requires payment of licence tax, 95,500 quintals.
5. "	"	6% commuted turnover tax to be paid on importation.
6. "	Linseed	Quota for January 1935 fixed at 1·2 million quintals.
7. Spain	All commodities	Quota system established.
8. "	Cotton	Additional duty of 5·3 centimes per kilog.
9. "	Linseed	Quota fixed for 2nd quarter at 80% of the average imports during corresponding period in 1930/31.

<i>Country.</i>	<i>Commodity.</i>	<i>Form of restriction.</i>
10. Spain	Copra & Palm kernels	Quota fixed for 2nd quarter at 75% of the average imports during corresponding period in 1930/31.
11. "	Linseed	Quota fixed for 3rd quarter at 80% of the average imports during corresponding period in 1931/33.
12. "	Hemp & Poppy seeds	Quota fixed for 3rd quarter at 100% of the average imports during corresponding period in 1931/33.
13. "	Cocoanut kernels	Quota fixed for 3rd quarter at 75% of the average imports during corresponding period in 1931/33.
14. "	Copra, seeds, hemp & poppy	Quota fixed at 75% of the imports of the basic year 1931/32 for the 3rd quarter.
15. Germany	Raw cotton & Jute	Control established.
16. "	Cotton & Wool	Temporary prohibition of raw cotton and wool till 25th May 1934.
17. "	Hides & Skins	Placed on quota list and an additional tax of 70 lei per kilogram imposed.
18. "	"	May only be purchased or taken over for improvements through the control office.
19. "	Rice & Oil seeds	Monopoly tax of 1% imposed.
20. Italy	Oil seeds	Imports subjected to license.

<i>Country.</i>	<i>Commodity.</i>	<i>Form of restriction.</i>
21. Italy	Wheat	Import prohibited.
"	Hides	Import quota fixed.
"	Rice	Imports restricted to 20% of the proved former imports.
"	Copra	" " 30%
"	Jute (Raw)	" " 25%
"	Jute yarn, tissue, hemp, cotton & wool	" " 25%
22. Greece	Cotton	Imports restricted. No supplementary books to be issued.
23. "	Rice, linseed, coffee-seed	Import. restrictions imposed.
24. "	Raw hide & Jute	Imports of goods in excess of quantities permitted allowed on condition upon partial or total exchange or without permit for countries with which Greece has favourable balance.
25. Netherlands	Oil cake	Imports restricted for two months to 100 per cent of the average quantity imported from each country during corresponding period 1931/33.
25A. "	Rice	Imports restricted to 60% of the average annual quantity imported from particular country in the basic year 1932.

<i>Country.</i>	<i>Commodity.</i>	<i>Form of restriction.</i>
26. Netherlands	Groundnut, linseed & other cattle cakes	Imports restricted from August 1934 to July 1935 at 60% of the average annual quantity of each country from 1931/33.
27. Belgium	Prepared skins	Import licences required.
28. Turkey	Tea	Quota of 2 million kilogs allotted for import of tea.
29. "	"	Quota fixed at 3 million kilogs for April/September 1934.
29A. "	"	Quota for tea fixed at 180 kilogs for April/September.
30. "	"	Imports October 1934/March 1935 restricted to 2 million kilogs.
31. Denmark	Rice, coffee, tea, hides, skins & groundnuts	Subjected to import licences.
32. "	Rice	Imports subjected to import licence requirements.
33. Norway	All commodities	Import licensing system introduced. Quota on the basis of a country share in Norway's import in 1932.
34. Austria	All commodities	Turnover tax prolonged. Cent per cent surcharge on general turnover tax.
35. Hungary	Raw wool	Subjected to license requirements and payment of manipulation tax at 1% ad valorem.
36. "	Rice	Subjected to licence requirements.
37. Australia	Molasses & Copra	Subjected to 5% primage duty ad valorem.

<i>Country.</i>	<i>Commodity.</i>	<i>Form of restriction.</i>
38. Latvia	Hides & Skins, Raw	Subjected to import restrictions.
39. South Rhodesia	Wheat	Restricted to such quantities as Finance Minister may permit.
40. Persia	Tea	Quota fixed for all countries other than Soviets, 80 million Reils.
41. "	Spices	" " " 9 "
41. "	Wool	Subjected to quota.
42. Czechoslovakia	Wheat	A supplementary duty of 25 kronen per 100 kilogs imposed.
43. Estonia	Raw cotton	Import licence required.
44. Cuba	Jute sacks	Quantity of imports limited to 25 million in number.
45. Union of S. Africa	Certain articles of Indian origin	Exchange dumping duty imposed.
46. Rumania	All commodities	No import except on basis of previous Rumanian exports to the respective countries. Imports limited to 60% of exportation effected. Payment in foreign money.
47. "	Jute	Additional authorisation tax of 12 to 25 lei per kilog imposed.
48. "	All goods	Import certificate required.
49. Yugoslavia	Rice	Payment in foreign money.
50. Poland	"	6.6% turnover tax on importation to be paid.
51. Irish Free State	Hides	Import licence required.
	Linseed cake	Import of linseed cake except under licence prohibited.

*Copy of a Telegram dated 14th September 1935 from
Chamber to the Secretary, Government of India,
Commerce Department.*

Referring to interview of my Committee with you the other day, will you kindly inform them what has been done or proposed to be done by your Department regarding restrictions imposed by Continental Governments on imports from this country, particularly Germany and Italy. Chamber also seriously concerned regarding scheme of German exports subsidy which is disorganising trade.

*Letter No. 35-C(21)/35 dated 27th September 1935 from
Government of India to Chamber.*

With reference to your telegram dated the 14th September 1935, on the above subject, I am directed to say that the matter is receiving the earnest consideration of the Government of India.

*Letter No. 2311 dated 19th September 1935 from Chamber
to the Government of India, Commerce Department.*

The attention of the Committee of this Chamber has been drawn to a statement appearing in the speech of His Excellency the Viceroy to the following:—

“.....For the second quarter of 1935 the balance has again swung in India's favour, and Germany has imported from India goods valued at 31 million reichmarks against export to India of only 21 millions.”

My Committee have seen the Seaborne Trade of India, Official Volume, and find that statistics for the period regarding trade between this country and Germany are as follows:—

	Imports from Germany. Rs.	Exports to Germany. Rs.
April, May & June 1935	2,87,82,904.	1,62,92,617.
Thus there appears to be a big discrepancy between the		

official statistical publication and the statement made by His Excellency the Viceroy. You will be kind enough to let me know as to whether the statistical publication of the Government of India is wrong, and, if so, how the mistake has arisen.

*Letter No. 1-C(22)/34 dated 8th October 1935 from
Government of India to Chamber.*

With reference to your letter No. 2311, dated the 19th September 1935, I am directed to say that the figures of Indo-German trade for the second quarter of 1935 mentioned in His Excellency the Viceroy's speech to the Indian Legislature on the 16th September, 1935 are based on the statistics of the German Statistical Office and furnished to the Government of India by the Indian Government Trade Commissioner at Hamburg.

2. I am to observe, for your information, that the system of compiling trade statistics in India and Germany are different. Under the system of registration in India, imports are credited to the country of consignment from which they have been received without interruption of transit except in the course of transshipment; similarly, exports are credited to the country to which they are intended to pass without interruption of transit except in the course of transshipment. That is to say, the Indian trade returns, unlike the returns of other countries such as Germany, show the country of consignment or the country of final destination and not the actual source or ultimate destination of goods. This explains the discrepancy between the Indian returns and those of Germany.

3. I am however to point out that the figures of German exports to India during the period in question is 24 million reichmarks and not 21 millions as stated in your letter under reply.

Letter No. 2688 dated 7th November 1935 from Chamber to Government of India.

I am directed to acknowledge receipt of your letter No. 1-C(22)/34, dated 8th October, 1935.

The Committee of this Chamber are surprised at the statement made in your letter that the figures of Indo-German trade of the second quarter of 1935 mentioned in His Excellency the Viceroy's speech to the Indian Legislature on 16th September 1935 were based on the "statistics of the German Statistical Office furnished to the Government of India by the Indian Government Trade Commissioner in Hamburg." My Committee can understand these figures being used to show the discrepancy between the Indian method of collecting Seaborne Trade statistical data and the German method; but they cannot understand how these figures can be used in an important statement challenging the popular view that the balance of trade which was once in favour of India as against foreign countries is veering round to the other side. It is a canon of great magnitude and importance in Economics, that statistics for purposes of comparison should, as far as possible, be all of the same nature and not collected by different methods nor based on different principles.

You point out in the second paragraph of your letter very important differences between the method of registration in India and the method followed in countries like Germany. Whatever may be the method followed upto now in India for the purpose of collating Customs statistics, all the figures have to be judged on that standard only. The contention of critics with regard to Agreements like those entered into at Ottawa, is that the trade of India has suffered immensely. If this contention has to be disproved, it should be done so by statistics from Government records which are being used by the critics themselves. It is surely unfair and it creates a good deal of misunderstanding to use the figures from the German statistical records against the figures which the Indian

critics are quoting from Government records to prove their case. My Committee will be obliged if you will kindly let them know as to why on this particular occasion it was found advisable to use figures collected from German statistical records, as they do not remember foreign statistical records being brought into service in the past for proving any economic case with regard to this country. They will also be obliged if the Government of India will be pleased to issue a Press-Note explaining the discrepancy between the Indian Government figures and the figures which appeared in the speech of His Excellency the Viceroy to the Legislature referred to above.

APPENDIX 44

Protection to Glass Industry

Letter No. 83 dated 10th January 1935 from Chamber to Government of India, Commerce Department.

My Committee had in June last requested the Government of India to expedite the publication of the report of the Tariff Board on Glass Industry and to follow it up with the necessary legislation providing for protection to the Industry. They regret to note that no action has yet been taken in the matter. The report was, as far as the information of my Committee goes, submitted sometime early in the year 1932 and they deplore the inordinate delay in its publication.

My Committee have seen a further representation submitted to the Government of India a few days ago by the U.P. Glass Works, Ltd. The position as disclosed therein is very serious and unless Government come to its rescue, the industry will be forced to close down. My Committee, therefore, submit that Government should lose no time in dealing with this matter which has been kept in suspense for a long time.

APPENDIX 45

Protection to the Healds & Reeds Industries

Letter No. 84 dated 10th January 1935 from Chamber to Government of India, Commerce Department.

The Healds & Reeds Manufacturing Co. of India, Ltd., have forwarded to my Committee a copy of their communication to the Government of India, dated the 8th January 1934, on the question of protection to the Healds & Reeds Industry. My Committee would like to urge that in view of the condition of the Industry and in view of the further fall in the wholesale price of healds, which has accentuated the situation, Government should lose no time in publishing the Report of the Tariff Board and in taking adequate action providing for the Industry a liberal measure of protection. The Industry is one which was started very recently, and if Government do not come to its rescue, without loss of time, it may perhaps be driven to the wall, thus preventing for ever any efforts for the manufacture of Healds and Reeds in this country. My Committee would like to urge that time is of essence in this matter, and Government will take the necessary steps to get through the legislation for protecting this Industry, at the ensuing session of the Assembly.

*Copy of letter from the Government of India,
Department of Commerce, No. 38-T(2)/33 Part.,
dated 16th January 1935 to the Secretary, The Indian
Merchants' Chamber, Bombay.*

*Subject:—Tariff inequality in respect of the
manufacture of healds and reeds.*

"With reference to your letter No. 84 dated the 10th January 1935 on the above subject, I am directed to say that the matter is receiving attention."

*Letter No. 665 dated 6th March 1935 from Chamber
to Government of India.*

I am directed by my Committee to refer to this Office letter No. 84 of the 10th January 1935 requesting Government to publish speedily the report of the Tariff Board on the Healds & Reeds Industry and to expedite legislation providing for protection for this industry. The Committee of the Chamber and the commercial public expected that necessary action would be taken by Government during this session of the Legislature. There is no mention whatever of this in the budget, but as protective duties are always brought by separate measures, my Committee would like to know whether Government intent to bring a separate Bill in respect of this matter during the course of this session.

According to the information of my Committee the competition from the imported article has become keener than it was at the time the Tariff Board enquired into the subject and the position of the indigenous industry is getting more acute. The whole object of protection is to enable industries to stand on their own legs at such critical periods and such object would be defeated if the protection required is delayed. My Committee, therefore, request that there should be no avoidable delay and that Government should act promptly and adequately in this matter.

APPENDIX 46

Protection to the Woollen Industry—Tariff Board Enquiry re.

*Letter No. 22 dated 14th January 1935 from Tariff Board
to Chamber.*

I am directed to forward herewith a copy of the general Questionnaire issued by the Tariff Board in connection with the enquiry into the claims of the Woollen

Textile Industry for protection and to request that your replies to the same may be sent to the Secretary to the Board at the Town Hall, as early as possible.

WOOLLEN ENQUIRY.

GENERAL QUESTIONNAIRE.

Note. — This questionnaire is intended primarily for importing houses, and piecegoods merchants. Question 3 has already been asked, in a different form, in communication to certain Chambers and Associations, and need not be answered by those who have already dealt with that communication.

1. What are your principal lines of imports of woollen goods? From which countries do you import them? In what proportions?

2. What classes of your imports have shown a tendency to increase or decrease in recent years, say, in the last 5 years?

3. Please state for as many years as you have records the c.i.f. and wholesale market prices at port of your principal typical imports, comparable with the Indian products (as illustrated in the enclosed statement). Landing and other charges and duty should be shown separately. Please give the causes of any considerable variations during these years. Do the changes correspond to changes in general wholesale prices?

4. How do you regard these imported goods as comparing in price and quality with the comparable Indian goods? Illustrate your answer with reference to a selected typical article.

5. What are the usual terms of business for the handling of the imported goods?

6. What is the usual procedure for the distribution of foreign goods to the upcountry markets? What are the

freight charges to your principal markets and commissions paid to middlemen, if any ?

7. Have you any reason to suppose that the prices at which foreign producers sell for export to India are below the cost of production ? Are there to your knowledge any special factors existing to accounts for the intensive competition from certain foreign countries during the last few years, factors which are not likely to continue indefinitely ?

8. It has been said that Indian production is unable to meet the modern Indian demand for a superior or more attractive class of goods. Given an assured market, do you think the Indian mills will be able to meet this demand in the near future ?

9. It is alleged that imported articles of shoddy or of mixed materials are competing indirectly with pure wool Indian articles. Can you express in terms of money value the intrinsic difference of quality between them ? Please attempt to do this in respect of selected competing articles.

10. Is it your experience that imports of articles containing a mixture of pure wool and shoddy and wool and cotton have been stimulated by the recent changes in the wool tariff ?

11. Have you any knowledge that articles manufactured wholly or partly of synthetic wool from jute have been imported into India ?

12. Are there any recognized differences of quality between Japanese, French, Italian, English and other European imports of the same class ?

13. Do you consider that the sign of a growing preference on the part of Indian consumers for cheaper qualities of wool goods than those ordinarily produced in India are due to decreased purchasing power ?

14. Can you state from your experience whether there is taking place an increased demand for articles made of wool ?

15. What has been the effect of the successive increases of duty since 1931 on your sales and market prices ?

16. What in your opinion has been the effect of the Rs. 1-2-0 minimum specific duty ? Do you know if it has adversely affected any imports which do not compete with Indian goods and if so, which ?

17. The great bulk of Indian wools can be used only for the coarsest woollen textiles and carpets. Have you any suggestions to make for the improvement of Indian wools ? Are you in favour of a small tax on imports of raw wool to be devoted to this purpose ? To what extent is improvement to be expected by better methods of breeding and feeding ?

18. Do you know anything of the trade in "lambs wool" which it is alleged results in the destruction of the ewes ? Would you be in favour of its suppression ?

19. Do you know anything of the managing agency system in relation to the woollen mill industry ? Have you any reason to suppose that the system has affected the industry adversely ?

20. Do you know anything of the marketing methods prevalent in the industry ? Have you any suggestions to make for the improvement of those methods ?

21. Have you any reason to suppose that the present organisation of the mill industry is ill adapted to meet foreign competition and do you think that some rationalisation with a view to 'specialising in particular products could be introduced ?

22. Has any material change taken place since 1932 in the exchange factor, affecting the power of any foreign manufacturer to compete in India ?

23. Do you regard the wool industry as being one of the industries of national importance, in the sense that "they are essential for purposes of national defence, and as such should, if necessary, be adequately protected, irrespective of the general conditions laid down for the protection of industries" (Fiscal Commission's Report) ?

24. Do you regard the Industry as satisfying the three major conditions laid down by the Fiscal Commission ?

25. If it be found essential for the safeguarding of the woollen textile industry that some protection should be given, what in your opinion would be--

- (i) the form it should take,
- (ii) the period for which it should be imposed,
- (iii) the imported goods against which protection should be given ?

Please consider in your answer the effect of your proposals on the handloom and hosiery industries.

26. Do you consider it proper that protection should be given against goods of mixed wool and other materials and against qualities of materials which are not made in India but which indirectly compete against Indian goods in the sense that they are preferred by the Indian consumer ? If so, what proportion of wool in a mixed fabric would you regard as sufficient to justify its treatment on the same lines as a pure wool fabric for customs purposes ?

27. If you are in general opposed to protection being given to the industry, would you be in favour of a temporary protection in order to enable the industry to adapt itself to the changes which have apparently taken place in the tastes of the consumer ?

N.B.—A separate statement is required only for such country as is of importance in the market for a particular article, United Kingdom, Germany, France, Italy, Japan, Poland and Czecho-Slovakia. It should be stated whether the prices are c.i.f. port or market prices.

	Weight Oz.	Size or Width.
(a) Woollen Cloths.		
(i) Tweeds	16 to 20	54"
(ii) Blazer cloth.. ..	14 to 18	54"
(iii) Melton	16 to 20	54"
(iv) Grey Oxford	About 32	54"
(v) Khaki Coat	28 to 32	54"
(vi) Broad cloth	About 24	54"
(b) Serges.		
(i) Worsted warp and woollen weft	16 to 18	54"
(ii) Khaki drab.. ..	18	54"
(c) Worsted.		
(i) Serges or coatings	8 to 16	54"
(ii) Shawl cloth.. ..	About 6	54"
(iii) Shawls or lohies	32	108"×54"
(iv) " "	20	100"×50"
(v) " "	16	90"×45"
(d) Yarns.		
(i) Worsted yarn	$\left. \begin{array}{l} 2/20s \text{ up to } 2/64s \text{ warp} \\ 1/16s \text{ up to } 1/40s \text{ weft} \end{array} \right\}$	
(ii) Hosiery yarn	$\left. \begin{array}{l} 2/10s \text{ up to } 2/64s \text{ and} \\ 3/10s \text{ up to } 3/60s \end{array} \right\}$	
(iii) Knitting yarn	3/7s up to 3/16s or 4/7s up to 4/16s.	
(e) Blankets and rugs of selected types.		
(f) Hosiery of selected types.		

*Letter No. 733 dated 13th March 1935 from Chamber
to Tariff Board.*

I am directed to refer to your letter No. 22 of the 14th January 1935 and to send to you hereby the replies of my Committee to the general questionnaire issued by the Board. The questionnaire obviously is intended primarily for importers and merchants and, therefore, many of the questions are concerned with the details of day-to-day business in woollen materials which members of the Chamber interested in the trade have already dealt with before the Board. My Committee, therefore, do not propose to deal with them. They are, therefore, confining their replies to questions involving general principles or policies, leaving it to the manufacturers, importers and merchants to supply the detailed information called for under the various heads.

The views of my Committee on the question of principle, viz., grant of protection to the Industry were communicated to the Board in their letter No. 3075 dated the 19th December 1934. They wish to reiterate that they strongly support the claim of the Industry for protection.

The principle question, dealing with the policy in regard to protection, is question No. 24. They will, therefore, deal with this question first. As they observed in their letter referred to above, the woollen industry satisfies the conditions laid down by the Fiscal Commission for protection. It has the natural advantages. My Committee are aware that for the purpose of certain varieties of better class piecegoods and for knitting wool etc., Indian wool is not suitable and that, therefore, the industry must continue to import raw material for this purpose. This partial dependence on imported wool, however, cannot, in the opinion of my Committee, provide an argument against protection to the industry. On the other hand, it is their belief that if the industry is protected, efforts are bound to be made to breed in the country a superior quality of sheep and, in fullness of time, it is not improbable that requirements in this regard will be ultimately met from indigenous resources. The neces-

sary supplies of labour and power are available and there is also an expanding home market. From the chequered experience of the industry during the past few years, it is also certain that without protection the industry is not likely to develop at all, but, on the contrary even the existing mills may be completely ruined.

My Committee are aware that representations have been made to the Board from certain quarters to the effect that the Indian woollen industry does not fulfil the general conditions for protection. The reference is possibly to the partial dependence of the industry for supplies of superior class of wool on foreign sources. My Committee venture to suggest that that is putting a very narrow interpretation on the general conditions for protection laid down by the Fiscal Commission. Moreover, as has been pointed out above, it is possible that with the assurance of a future for the industry in the country, efforts may be made to cultivate within the country itself the class of raw materials which heretofore have now to be imported. My Committee are confident, however, that the Tariff Board will not conceive the conditions laid down by the Fiscal Commission in such a narrow spirit and would consider the industry as one entitled to claim for protection under the fiscal policy adopted by the country.

It may be pointed out in this connection that the Government of India themselves, in a way, have accepted the claims of the Industry for protection, when following the Safeguarding of Industries Act, 1933, they included increased level of duties on imports of woollen materials in the Tariff Amending Bill of 1934. My Committee, therefore, feel that they need not deal with this aspect of question in greater detail.

Question No. 23.—In a way the woollen industry should be regarded as one of national importance. The intense cold in certain parts of the country makes wool necessary even for the poorest and the orders placed by the Government themselves in respect of their requirements including

the Military Department would indicate this. This was manifested during the time of the last World War. Difficulty in getting adequate supplies of woollen materials led to the full use of woollen handloom products of the country. As a matter of fact the Munitions Board even instituted an enquiry into the possibility of developing the woollen industry in the country. But as my Committee are definitely of the opinion that the industry comes within the conditions laid down by the Fiscal Commission, greater stress need not be placed on this aspect of the question.

Question No. 25.—With regard to the first part of this question, viz., the form which any protection that may be recommended to the industry should take, in the opinion of my Committee, the Tariff Board will have during the course of their enquiry, placed before them facts and figures regarding the present position, cost of production, prices at which imported goods are selling and various other details from which it should be possible to form the basis as to the measure of protection necessary. My Committee can only offer a general remark that the protection should be adequate to meet the requirements of the situation. What that protection should be and the manner of making it available, are all details which the Tariff Board themselves would be in a better position to judge. In this connection my Committee have seen the tariff rates suggested by the manufacturers in their joint representation. The Board may very well take the same as the basis and recommend such level of protection as may be justified from the materials and information gathered during the course of enquiry. As they observed in their communication of the 19th December 1934, the industry should be enabled firstly to face the foreign competition and secondly to consolidate its position. A level of protection adequate for this purpose appears to be one which is based on the possibility of returning at least 6 per cent on the present value of the capital sunk in the industry, but my Committee have confidence that Board would make recommendations that would be satisfactory under the present economic conditions where world changes,

exchange factors and other causes often interfere on pre-conceived programmes.

As regards the period for which protection should be available, my Committee will generally support the claim made by certain manufacturers that 12 to 15 years would be the minimum period for which protection should be assured. Only an assurance of a fairly continuous period of protection would attract fresh capital in the industry and thereby enable its development. My Committee suggest that the application of the manufacturers for a continuous period of years may be favourably considered unless very valid reasons of public policy are put forward against this idea.

My Committee feel no apprehension that if adequate protection is granted against imported yarn the local manufacturers may not be able ultimately to supply the necessary yarn requirements of the hosiery and the handloom industry. The object of the Tariff Board should be to see that as much manufacturing process takes place in the country as possible. Industries which are concerned with only one or the other final process, even if they are hand industries, must necessarily bear the burden, where the main policy of the State is to see extended manufacturing activity in the country. But until it is demonstrated by figures that the capital sunk in the handloom and the hosiery industries is considerable and that the effect of protective duties on yarn would be felt by them in such a manner that they would not realise the corresponding increase on their output, the course to be taken by the Board is very clear. This apprehension merely strengthens the demand for heavy duties on the imports of finished goods including hosieries and the benefits of such duties would go correspondingly to the hosiery and the handloom industries.

APPENDIX 47

Protection to the Silk Industry—Inadequacy of

Letter No. 732 dated 13th March 1935 from Chamber to Government of India, Commerce Department.

The Committee of the Chamber wish to draw the attention of Government to the plight of the Indian Silk Industry. They have before them a copy of a memorandum prepared by the Mysore Chamber of Commerce on this question.

The Committee have ascertained the position in Bombay and they find that the complaint made by the Mysore Chamber is fully justified. It appears that in this case Government deliberately ignored the elaborate recommendations made by the Tariff Board after full enquiry, and for some reasons, not yet clear to the public, they imposed a scale of duties different from, but much lower than, what the Tariff Board considered adequate for protecting the industry. It would appear that in course of time on account of changes in world prices, the protective effect of this duty has been considerably minimised and the Silk Industry of India is today suffering acutely from foreign competition which is not genuine and which is assisted by the State subsidies exchange factors etc., and against which, it is, according to the declared policy of the Government, fully entitled to be protected.

My Committee, therefore, would like Government to look into this question and use the special powers given to the Governor-General under the Indian Tariff Act to revise the duties under certain conditions so as to bring the same quantum of protection to the silk manufacturer as was recommended by the Tariff Board or at least that level of protection which was ultimately passed by the legislature.

My Committee would also like to draw the attention of Government to the volume of imports of silk since the duty

was imposed from which it is obvious that the duty has failed to check foreign competition* and that imports are jumping the duties. Similarly the abnormal rise in the imports of artificial silk yarn and cloth during the last five years would indicate that a direct blow is being hurled against all indigenous efforts at the manufacture of silks, for which this is being substituted. Since Government have already accepted the policy of protecting the silk industry it seems necessary that consequential protection should be given from such imports of artificial silk and yarn.

APPENDIX 48

Appointment of Special Textile Tariff Board

Letter No. 2463 dated 9th October 1935 from Chamber to the Government of India, Commerce Department.

I am directed by the Committee of this Chamber to address Government as under with regard to the appointment of the special Tariff Board and their terms of reference regarding the textile enquiry.

With reference to the appointment of the Textile Tariff Board, the Committee of this Chamber wish to remind Government that the Mody-Lees pact was condemned by a section of the industry itself and by the country generally. In view of this, it would have been proper, if the principle of the agreement itself had been re-examined, including all its terms, instead of only one part thereof, viz., the import duties imposed on goods coming from Lancashire.

My Committee are not opposed to an agreement with the United Kingdom as such, in the matter of trade, either embracing all commodities or confined to some commodities, so long as it is reached by negotiations through men in whom the Indian business community has confidence. But they feel that a piecemeal reduction of tariffs in all commodities, in defiance of the views of the Assembly and a

specific agreement with reference to textiles, are 'unsuitable methods adopted by Government of securing stable trade relationships with the United Kingdom, particularly because public opinion in India holds that it is an unequal bargain, and that the benefit conferred on interests in the United Kingdom is very much greater than the corresponding benefit, which, it is claimed, is derived by Indian interests.

Lancashire interests have assumed that Indian policy in regard to textiles is to be guided entirely by the consideration of Lancashire interests (*Vide* Report of the Manchester Chamber of Commerce deputation to the Rt. Hon. Walter Runciman, President of the Board of Trade, in November, 1934). Lancashire interests have maintained that, even the Japanese agreement imposing a quota restriction on Japanese imports was made in order to benefit British interests. It is very good of them to acknowledge that there are disabilities to the Indian industry, but they put forward that these disabilities were equalised by the imposition of 11 per cent revenue duty, which existed before. In this connection, it would be of interest to note that an additional burden on the Indian textile industry in the form of duty on imports of cotton has been recently imposed. It is their suggestion that no protection beyond this level should be given to the Indian industry, while Government of India have definitely accepted that adequate protection should be given. No events have occurred in the economic world, which would enable anyone to say with confidence that conditions today are such, that the Indian industry could do with less protection than was considered adequate by the Indian Tariff Board appointed by Government and whose findings Government did not accept fully.

While the terms of reference to the Textile Tariff Board appeared to be deliberately restricted (the revenue duties being specifically excluded from the consideration of the Board), the single issue whether the present scale of duties against Lancashire goods gives protection to the Indian textile industry, is to be examined. In the terms

of reference adequate protection is defined as the duties which will equate the prices of imported goods to the fair selling prices for similar goods produced in India. These words "fair selling prices" are, however, not defined. It would be useful if Government were to inform the Tariff Board and the textile industry as well as the country, what is meant by "adequate protection", and whether such adequacy is with reference to a return on the capital sunk and, if so, at what rate such return should be calculated, and for this purpose what is "capital".

With regard to the personnel of the Tariff Board, my Committee would reiterate what they have said on several occasions before, that the Tariff Board should consist of men who command universal respect and who have unquestioned ability as well as marked impartiality. It is, therefore, disappointing that a British businessman; whose leanings towards British interests and towards Lancashire must be assumed, has been appointed as the Chairman of this Board. My Committee fear that places on the Tariff Board, so far as Indians are concerned, are now being distributed as a reward for service to Government in the Assembly. Such measures must cumulatively result in a deterioration of the reputation, which the Indian Tariff Board has hitherto enjoyed, and to that extent it is a retrograde step. What the Committee of my Chamber would desire to see, is stabilisation and strengthening of the machinery, by which decisions with regard to application for protection from industries could be reached as early as possible and should be stamped with the authority of an impartial tribunal.

Since the terms of reference are limited to the examination of the cost of production in India with reference to selling price of Lancashire goods in this country, the issue is purely an economic one, and the absence of an economist from the Tariff Board, which would be regrettable in itself, is all the more noticeable on this occasion.

My Committee cannot help noticing that the pact as a whole is not under examination. It is disappointing that Government should disregard Indian opinion and leave Indo-British relationship, which is a very important matter for all times, on such meagre foundations.

In particular, my Committee would like to say that the promise of support for Indian exports in the colonial markets has not materialised and resulted in a serious offtake of Indian manufactured goods. The increased purchase of Indian cotton, for which glowing promises were held out, is very inconsiderable, having regard to the total quantity of Indian cotton produced, or the quantity of the purchase by the other customers of India. Committee trust that Government will, before confirming the agreement, utilise this opportunity for examining points, which have to be examined in the interests of India, instead of confining it merely to the examination of an issue definitely and markedly in the interests of Lancashire. The permission to Lancashire interests to make direct representation to the Indian Tariff Board, is an innovation, which the Indian commercial community cannot welcome. It indicates the subordination of Indian interests to others, which this Board is now asked to balance and set off against the welfare of India. The Committee trust that Government will take into consideration the issues referred to herein and do what they can to allay apprehensions in Indian commercial circles on these points.

By the terms of reference given to the Tariff Board, it does not appear clear whether it will be open to them to consider fixing a quota for the importation of cloth from Lancashire. But the Committee of the Chamber are convinced that, if the present duties are disturbed in the downward direction, it would be essential for safeguarding the interests of the Indian textile industry, to have a quota fixed for Lancashire for the cloth, which India will take, and to have a corresponding quota fixed for them for the amount of Indian cotton, which they will purchase.

Letter No. 341-T(12)/35 dated 5th November 1935 from Government of India, Commerce Department, to Chamber.

I am directed to refer to your letter No. 2463, dated the 9th October 1935, on the above subject, and to say that the Government of India have noted the views of the Committee of your Chamber.

APPENDIX 4)

Protection against imports of Japanese Sugarcandy

Letter No. 551 dated 22nd February 1935 from Chamber to Government of India, Commerce Department.

I am directed to refer to the correspondence which my Committee had with the Government in the year 1933, ending with your Department letter No. 127/T(47) of the 23rd January 1933 on the question of dumping of Japanese Sugarcandy in India. Government were, subsequently by the Tariff Amending Bill of 1934, pleased to increase the rate of duty on Sugarcandy from Rs. 9-1-0 to Rs. 10-8-0.

The Sugarcandy Association of Bombay have now forwarded to my Committee a copy of their letter to Government of India dated the 29th January 1935 complaining about the competition from imports of Japanese Sugarcandy and requesting the levy of an additional duty with a view to afford a measure of protection to the indigenous sugarcandy industry. My Committee would request Government to examine the position sympathetically to see if any readjustment of duty is required to enable local sugarcandy to withstand the competition of the import from Japan. If they have any figures regarding imports of sugarcandy from Japan and other countries and their effect on the prices in the local markets, my Committee would be glad to be furnished with the same.

APPENDIX 50

Indo-British Trade Agreement

Letter No. 223 dated 24th January 1935 from Chamber to the Government of India, Commerce Department.

The Committee of this Chamber have considered the Trade Agreement recently entered into between the Government of India and His Majesty's Government in the United Kingdom. It is with feelings of deepest pain and regret that they have viewed this so-called Indo-British Trade Agreement. My Committee characterise it as 'so-called' because while His Majesty's Government kept themselves in continuous consultation with the British commercial community during the course of the negotiations, the Indian commercial community was studiously kept outside the negotiations, despite the requests of Indian Chambers of Commerce and their Federation for associating representatives of Indian Commerce with the negotiations. Association of Indian representatives was found necessary by the Government of India in the case of the negotiations for an Agreement with Japan, which was very much narrower in scope and was confined to one or two issues only. Even the Joint Parliamentary Committee in their report state that "the United Kingdom and India must approach their trade problems in a spirit of reciprocity which views trade between the two countries as a whole." The Joint Parliamentary Committee express their entire agreement with the statement of the British India Delegation, in their Joint Memorandum, that "A friendly settlement by negotiation is by far the most appropriate and satisfactory method of dealing with this complicated matter." Unfortunately, the manner and method in which the recent Trade Agreement was arrived at, was not at all permeated even by the spirit referred to in the Report of the J. P. C. and of the British India Delegation. Negotiations for such a Trade Agreement should have been carried on between accredited representatives of the British and Indian commercial communities, or in any event the Indian commercial community should

have been taken into confidence in the process of negotiating the Agreement. Instead of this being done, Indian commercial community was even denied the courtesy of a hearing when this Chamber requested the Commerce Member to receive a deputation on the subject. The conclusion of such arrangements which will seriously handicap the people in improving the economic well-being of the country is an infliction and can in no way be accepted as an Agreement by India and may justifiably be looked upon with suspicion.

The well-founded and long-standing complaint of informed Indian opinion in the last thirty years has been that, political power has been used by England for the economic exploitation of this country and to impose disabilities on Indian nationals wherever possible. Instead of any attempt at meeting this complaint, the Agreement lays an axe at the very roots of the Fiscal Autonomy Convention, set up under the Montague-Chelmsford Reforms. This Convention was sometimes followed in the enactment of measures that might be to the good and betterment of Indian industries. Unfortunately, a tendency was manifest recently of ignoring that Convention, but now under this Agreement, as under the Report of the J. P. C. it has been definitely abandoned.

The right which India enjoys at present of protecting her industries is beset with limitations, my Committee would say, too many limitations. The protection intermittently enjoyed by too few of her industries is called "discriminating protection," which name itself shows under what difficulties India has to labour to get protection for her industries. Even this "discriminating" protection, with all its limitations, was utilised by this country for as much advancement as possible of her industries. To the very serious prejudice of the future industrial development of the country, the new Agreement will now further circumscribe the field of this discriminating protection as to render it nugatory.

The five pledges, which are provided in the Agreement, on the part of the Government of India, will effectively militate against the protection of Indian industries, whenever the United Kingdom happens to be the principal competitor. My Committee feel that they are not exaggerating at all when they make this statement. If India has to lower the rate of duty on goods of United Kingdom origin; if India cannot alter the difference and margin of duty to the detriment of British goods; if British interests are allowed to move the Indian Government to cause an enquiry to be made even as to the appropriateness of the existing duties; and if India is bound to reduce duty substantially on the import of British cloth even if such reduction demonstrably destroyed the protection needed by Indian textile industry, my Committee fail to understand how this country can be said to enjoy fiscal autonomy in any sense, even the shadow thereof now existing being wiped out.

My Committee take particular exception to the undertaking given by the Government of India in Article 4. The Indian commercial community can have no objection to British industries making representation to the Indian Tariff Board, but they cannot, for one moment, concede the right to an outside Government, much less to the industrial interests of an outside country, to compel the Government of India to cause an enquiry to be made as to the appropriateness of the existing duties. The surrender of this right under the Agreement is not only derogatory to the status and prestige of the future Government of India, but is an unquestionable proof of the Indian feeling that United Kingdom has been using political power for securing unfair economic advantage out of India.

Moreover, such a provision would introduce an element of uncertainty in the tariff policy of the country in that a protected industry cannot be sure of the extent of the meagre protection even throughout the protected period. The margin of protection would be liable to be varied to suit the exigencies of political and industrial pressure in

Britain, and such a position would react adversely on the flow of capital for the development and expansion of an industry supposed to be enjoying protection. My Committee fear that this absence of guarantee regarding continuance of protection would seriously militate against the industrial development of the country and might in many cases lead to a setback.

My Committee cannot help pointing out that representation under the existing conditions can only mean undue political influence if not dictation, from Whitehall. The experience regarding protection to the Steel Industry is too recent to need recall, when the Government, which did not hesitate to impose an excise duty on a protected product, could not dare to propose even a revenue duty on British steel.

The concessions cut right across any economic planning, which Government of India, as they are, might make in response to Indian public opinion. There is no known model either in the relationship of different countries, or even in the relationship of the United Kingdom and any of the Dominions for similar provisions. Even Colonies like Ceylon have objected to pro-British arrangements which are being forced in India in this manner. With all these obligations on the part of India, there are no corresponding obligations on the part of Great Britain, excepting the promise to develop the import from India of raw and semi-manufactured materials, the privilege of duty-free entry of Indian pig iron and a very very vague and general promise to induce the Colonies and Protectorates to accord favourable treatment to Indian cotton goods. With regard to the first, Great Britain does always stand in need of raw or semi-manufactured materials from India. Much is made of the possibility of a greater use of Indian cotton by Great Britain. This is a vague promise of no material use at the moment and very doubtful of realisation. The results achieved in this direction during the last 15 months after the visit of the Lees Deputation to this country tell their own tale. As to the second, namely, the promise to induce the Colonies and

Protectorates to accord favourable treatment to Indian cotton goods, it appears extremely problematical looking to the general attitude adopted by these towards Indians as to whether they will be giving active support to this country in the matter of trade.

My Committee are obliged to condemn the Indo-British Trade Agreement as unfair in regard to its reciprocity, as unpleasant in the manner of its origin as a constitutional matter and as intolerable if it is to be a model of the business relationship between India and England in the future.

APPENDIX 51

Drawback of Customs duty on re-exports of Linseed Oil from U. K.

Letter No. 495 dated 20th February 1935 from Chamber to the Government of India, Commerce Department.

The Seeds Traders' Association, Bombay, which is affiliated to this Chamber, have forwarded to my Committee a copy of their letter to the Government of India, dated 24th December 1934, on the subject of the effect on the preference to Indian linseed in the United Kingdom by the improved rate of drawback on re-exports of linseed oil from that country. My Committee have considered this matter and they are of opinion that since the supporters of the Ottawa Pact claim that the advantage under the Agreement to Indian linseed is a genuine advantage and that this is an important item on the gain side to India of the Pact, I am directed to request you to let them have full information on this subject, including the latest statistics not only of the imports of Indian linseed into United Kingdom but also of the re-exports from that country of linseed oil and other products thereof, which have enjoyed the increased scale of drawback. I am further directed to say that if Government's intention was

to benefit India, and if the terms of the Ottawa Pact were calculated to secure that benefit so far as the linseed trade was concerned, the increased drawback and the pressure which is being brought on British Government by the oil-crushing interests for removing such preference (*vide* annexed report of proceedings in the House of Commons) do not seem to give effect to such intention and the complaint from the Seeds Traders' Association would appear to be fully justified.

*Letter No. 20-T(65)/34 dated 4th April 1935 from
Government of India to Chamber.*

I am directed to refer to your letter No. 495, dated the 20th February 1935, on the above subject and to say that the allowance of drawback has been part of the tariff structure of the United Kingdom for a number of years prior to the Ottawa Conference and its existence was not overlooked in the negotiation of the Trade Agreement with the United Kingdom concluded at that Conference. In the particular case of linseed, the Government of India have had under continuous observation the effect of these drawbacks on the preference enjoyed by Indian linseed in the United Kingdom. They note that in 1933 some 52 per cent and in 1934 no less than 77 per cent of the United Kingdom's imports of linseed were drawn from India, as compared with 2½ per cent in 1932, the last year before the preference came into operation. The value of the United Kingdom's imports of Indian linseed in 1934 was £1,606,000 and in 1933 £1,446,000, whereas in 1932 it was only £96,000. The total exports of Indian linseed to all countries has also increased and it is understood that only a nominal quantity of linseed from the 1934 crop now remains unshipped. Recent reports from London show that trading is active in new crop Indian linseed at a satisfactory premium above Argentine linseed. In these circumstances, the Government of India do not propose to take any further action in the matter at present.

2. The statistics of imports of linseed into the United Kingdom are as follows:—

	1932		1933		1934	
	Quantity	Value	Quantity	Value	Quantity	Value
	Tons	£	Tons	£	Tons	£
	(000)	(000)	(000)	(000)	(000)	(000)
Total	362	3,058	249	2,451	184	2,020
From British						
India	9	96	131	1,446	140	1,606
From Argentine						
Republic	344	2,879	113	967	44	409

Figures showing re-exports from the United Kingdom of linseed oil and other products thereof to which the drawback scheme applies are not, it is regretted, available.

Letter No. 1122 dated 9th May 1935 from Chamber to Government of India.

I am directed by the Committee of this Chamber to acknowledge receipt of your letter No. 20-T(65)/34, dated 4th April 1935, on the above subject, and in reply to address as under:—

What my Committee wanted in regard to this matter was that the Government of India should ascertain from the Government of the United Kingdom the reasons for raising the rate of drawback on Linseed oil re-exported, from £2 to £3. My Committee apprehend that the effect of this increase in rate of drawback would be to undermine the benefit supposed to have resulted from the preference to imports of Indian linseed into the United Kingdom, because the increased drawback in the United Kingdom would encourage the imports of continental and other foreign linseed oil crushed from non-Indian seeds. Your reply under reference, my Committee are afraid, has not taken into consideration this aspect of the question. It may well be pointed out that even according to Dr. Meek's

Report on the working of the Ottawa Agreement, the increase in the export of Linseed from India and its greater import into the United Kingdom is to be accounted for by reasons other than the preference reasons such as the failure of the two consecutive crops in Argentine and the relatively lower price of the Indian product. The question, therefore, whether the United Kingdom would continue to take the same amount of Indian linseed, in spite of the benefit given by the increased rate of drawback is of urgent practical value and would affect the prospects of Indian linseed for the forthcoming years. Under such circumstances, my Committee have not been able to appreciate the step taken by the Government of the United Kingdom in increasing the rate of drawback. My Committee would like to urge on Government to watch carefully the effect of the increased rate of drawback and see whether it has not affected adversely the importation of Indian linseed, thus destroying whatever little advantage they may have accrued under the Ottawa preference.

With regard to the contention of the Government of India that the demand in the London market for the new crop of Indian linseed is brisk and considerable, on enquiries made in the trade circles, my Committee find that Government seem to have been misinformed. The trade here finds that there has been a scarcity of contracts and a falling off of enquiries and this may, unfortunately, turn out to be the beginning of the difficulties for the Indian linseed growers and merchants.

In conclusion, my Committee would request the Government of India to ascertain full particulars as regards the reasons for the recent increase in the drawback rate on linseed oil in the United Kingdom and to give a reassurance to the trade concerned which would dispel its fears in this regard.

*Letter No. 20-T(65)34 dated 25th June 1935 from
Government of India to Chamber.*

I am directed to refer to your letter No. 1122, dated the 9th May 1935, on the above subject and to say that the increase in the rate of drawback has not escaped the notice of the Government of India who will continue to watch carefully its effect on the Indian linseed trade with the United Kingdom.

*Letter No. 1982 dated 6th August 1935 from Chamber
to the Government of India.*

I beg to acknowledge receipt of your letter dated 25th June 1935 on the above subject and in reply thereto I am directed by my Committee to state that they regret to note that though the matter has been under discussion since the end of the last year, at the instance of the Indian mercantile interests including the Federation of Indian Chambers of Commerce and Industry, Government have not yet been pleased to give any other reply than that the effect of the increase in the rate of drawback on the Indian linseed trade to the United Kingdom will be carefully watched by them.

My Committee cannot reconcile themselves to the increase in the rate of drawback in the United Kingdom after the Ottawa Agreement came into force as a *fait accompli* irrespective of the consideration whether the Indian trade is affected and to what extent it is affected. They are convinced that the rate of drawback allowed in United Kingdom at the time of Ottawa Agreement was entered into was the basis of the Agreement, and if the Board of Trade seek to nullify a vital term of the Agreement by permitting drawback on a considerably higher scale, as they have done, in the present instance, they should be deemed to have practically repudiated the

Agreement and under the circumstances, the Government of India should seriously consider how far they are justified in abiding by the other terms of the Agreement which are meant to grant preference to all the sundry goods from United Kingdom regardless of the effect on Indian industries affected. My Committee would urge that in case the Government of India feel themselves powerless in preventing such an unilateral repudiation of the Agreement, affecting adversely the Linseed trade for which it was claimed Ottawa conferred real benefit, they should take the commercial community in their confidence and make plain declaration in that behalf.

In view of this fundamental consideration, my Committee feel that the assurance conveyed in your letter under reply that the Government of India will continue to watch carefully the effect of the increased drawback on the Indian Linseed Trade with the United Kingdom is not satisfactory. They would like to know whether Government have laid down any particular standard as to the volume of trade in Linseed with the United Kingdom which, when encroached upon, will justify the Government of India in moving in the matter. The volume or the rate of increase of the trade, my Committee submit, is no criterion to judge whether the terms of the Agreement have been carried out and the standard of so judging even is bound to be arbitrary—a course of policy, which my Committee feel is not in the best interests of India.

My Committee trust that the Government of India will give their careful consideration to the relevant issues.

APPENDIX 52

Import of Petroleum via Port Okha

(*Vide* Annual Report for 1934, Page 62).

APPENDIX 53

**Publication of Import and Export manifests
by Customs Authorities**

*Letter No. 3063 dated 15th December 1934 from Chamber
to the Government of India, Central Board of Revenue.*

I am directed by the Committee of this Chamber to address you on the question of the publication of information relating to daily imports to and exports from the Port of Bombay. The Customs authorities at Calcutta, Rangoon and Madras publish officially daily lists of exports and imports, giving particulars of commodities imported and exported, their quantities and values, name of consignees and of consignors, etc. But in Bombay no such official list is published. All the ports of Customs are under the Administrative control of the Central Government, and it is necessary that the practice and procedure in regard to such matters should be uniform at all the Ports. My Committee, therefore, suggest that the Central Board of Revenue should instruct the Bombay Customs Authorities to issue daily returns, similar to those issued at the Ports of Calcutta, Madras and Rangoon, of shipping movement relating to the Bombay Port.

My Committee are aware that the Bombay Chamber of Commerce is publishing daily manifests of imports and exports. Perhaps, for this reason, the Customs authorities have not thought it necessary to publish official returns. They, however, feel that such private publication is no justification for the Authorities not following up the practice prevailing in the other major Ports and publishing their own official lists.

Moreover, the rates of subscription charged by the Bombay Chamber for the returns containing shipping intelligence are very high; whereas the combined export and import list for Madras costs only Rs. 90 per annum and

the daily list of Calcutta only Rs. 100 per annum, the daily trade return published by the Bombay Chamber costs Rs. 320 per annum, plus postage. The high rate of subscription make these returns a costly luxury for the Bombay traders. Again, particulars in regard to the value of the consignments are not given in the Bombay returns.

A work which has to be done by the Customs Department and which is done by the Department at other Ports should not be left to a Chamber of Commerce in Bombay.

For the above reasons, my Committee are of opinion that the Customs authorities in Bombay should undertake to publish officially daily Returns of shipping intelligence. All these statistics even now have to be compiled by the Customs authorities for their official requirements, and the extra expenditure that may be involved in the preparation and printing of daily Returns could, perhaps, be compensated from the income by the sale of these publications. There has always been a complaint regarding the paucity of official publications, containing statistics relating to trade and my Committee hope that their above suggestion, which is only intended to bring the practice in line with that obtaining at the other Ports will be accepted by Government.

*Letter No. R. Dis.-659-Cus.II/34 dated 24th April
1935 from Government of India to Chamber.*

With reference to the letter quoted above I am directed to say that after giving the matter their careful consideration the Government of India regret that they do not see sufficient grounds for departing from the present arrangements.

Interpellations in the Legislative Assembly—6th September 1935.

Mr. Mathuradas Vissanji: (a) Will Government be pleased to state, if it is a fact that Calcutta, Madras and Rangoon Custom Houses publish daily lists of exports and imports ?

If so, what is the expenditure incurred by each Custom House in this regard, and what is the income received by the respective Custom Houses by way of subscription to these lists.

(b) Will Government be pleased to state whether Bombay and Karachi Custom Houses publish such daily exports and imports lists? If not, why not?

(c) Is it a fact that in Bombay and Karachi, the Chamber of Commerce and the Karachi Chamber of Commerce publish such daily lists? If so, what facilities do the Bombay and Karachi Custom Houses give to the above-mentioned private agencies for such publications?

(d) Will Government be pleased to place on the table the comparative statements of subscription for daily exports and imports lists issued by the Calcutta, Madras and Rangoon Custom Houses and subscriptions charged by the Bombay and Karachi Chamber of Commerce for their daily lists?

(e) Is it a fact that recently the Indian Merchants' Chamber, Bombay, approached Government with a request to arrange for publication of such lists by Bombay and Karachi Custom Houses on the lines of the Calcutta, Madras and Rangoon lists? Is it also a fact that Government refused the above request? If so, why?

(f) Are Government prepared to get the lists published by the Bombay and Karachi Custom Houses instead of assigning the same to private agencies?

Mr. A. H. Lloyd: (a) Yes. A statement showing the income and expenditure is laid on the table.

(b) & (c) At Bombay, daily lists are published by the Bombay Chamber of Commerce. At Karachi in

accordance with an agreement reached in 1930, lists dealing mainly with foreign trade are issued by the Karachi Chamber of Commerce, and lists dealing mainly with coasting trade are issued by the Joint Board of the Karachi Merchants' Association and the Buyers' and Shippers' Chamber, Karachi. Since April 1935, the Karachi Chamber has discontinued the publication of daily lists of imports and exports and has issued enlarged monthly statements. Clerks deputed by these bodies are allowed to work in the Custom Houses and are given access to the relevant documents.

(d) A statement is laid on the table.

(e) & (f) A representation suggesting that the Bombay lists should be issued by the Bombay Custom House was received from the Indian Merchants' Chamber in December, 1934. Government do not see sufficient reason for altering the existing practice, since they are not satisfied that if the work were undertaken by the Custom Houses they would be able to recover the cost without raising the rates of subscription.

Statement I.

Expenditure incurred by Custom Houses on the publication of lists of exports and imports.

				Income.	Expenditure.
				Rs.	Rs.
Calcutta	..	..	..	26,241	28,551
Madras	..	..	..	6,589	6,405
Rangoon	..	..	..	18,446	17,000

Note.—The figures for Calcutta relate to the calendar year 1934 and the figures for Madras and Rangoon relate to the financial years 1934-35.

Statement II.

Annual subscription for daily lists of the Imports and Exports.

						Rs.
CALCUTTA—						
Import	..	..	..	..	..	100
Export	..	..	..	..	..	100
MADRAS	..	..	..	..	..	90
RANGOON—						
First copy	..	..	..	..	..	240
Every additional copy	..	..	..	..	..	120
BOMBAY CHAMBER OF COMMERCE—						
Members	..	..	..	..	..	160
Non-members	..	..	..	..	..	320
Karachi Chamber of Commerce (monthly statements)						100
Joint Board of the Karachi Indian Merchants' Association and the Buyers' and Shippers' Chamber, Karachi	..	..	..	..	..	6

APPENDIX 54

Definition of Steel Sheets etc., in the Tariff Schedule

Letter No. 299 dated 30th January 1935 from Chamber to the Central Board of Revenue.

Under the existing tariff classifications Iron Sheet- $1/8$ " thick and over carry a smaller rate of duty than sheets under $1/8$ " thickness. When merchants indent sheets $1/8$ " thick, sometimes in the process of rolling at the source, sheets slightly thinner are sent out by the manufacturers, described as $1/8$ ". In such cases, it has been found that the Customs authorities collect duties at the higher rate on the same treating them as sheets under $1/8$ ". This is a source of hardship to merchants, because next to $1/8$ ", the commercial gauge is $3/32$ ".

Under these circumstances, it is requested that the discretion vested in the Customs authorities should be used in favour of the merchants. In the trade the general practice is to allow 4% margin for errors in rolling, which covers this discrepancy.

Letter No. D. A. Dis-171-Cus. I/35 dated 25th February 1935 from the Central Board of Revenue to Chamber.

I am directed to refer to the letter quoted above, in which you request that the discretion vested in the Customs authorities should be used in allowing a rolling margin for the purpose of assessment to duty of sheets 1/8" thick or more. In reply, I am directed to say that the Customs authorities have no discretion under the law to make an allowance of this nature, and the Board regrets that it sees no sufficient reason to provide for such a concession by executive orders.

APPENDIX 55

Changes in Tariff Classifications etc.

(Note.—The correspondence is not published but can be referred to in Chamber's File R 11/1935.)

APPENDIX 56

Re-introduction of Tariff-values for Silk piecegoods

Letter No. 5654/C.I.C. dated 29th August 1935 from Director-General of Commercial Intelligence to Chamber.

I enclose a statement showing certain additions and alterations proposed in the existing tariff-valued heads. These are for consideration at the time of the next annual

revision of tariff values and I shall be much obliged if your Chamber will kindly examine them meanwhile and furnish me with its views by the 21st September, next.

**Statement showing additions and alterations proposed in
the existing tariff-valued heads**

Item No. in
the First
Schedule of
the Import
Tariff.

44 (2). It is proposed that the tariff-valued head "Printing paper, not on reels (excluding chrome, marble, etc.) etc." should be amended to exclude "Art paper" the real value of which is considerably higher than the tariff value for printing paper.

48. It is proposed to re-introduce the tariff values on those silk piecegoods for which tariff values existed in 1934 and to fix tariff values for the following additional heads:—

48. Saries and dhoties—
Plain—

- (a) Fugi...
- (b) Other sorts...

Flowered—

- (a) Fugi...
- (b) Other sorts...

48 (10). Saries and dhoties—containing gold and silver thread—

- (a) Fugi...
- (b) Other sorts...

It is reported that market values of these articles are not easily ascertainable at some of the ports; hence the proposal.

Letter No. 2438 dated 3rd October 1935 from Chamber to the Director-General.

I am directed to refer to your letter No. 5654/C.I.C. dated 29th August 1935 and in reply to say that my Committee have no objection to the proposal of Government to re-introduce tariff values for silk piecegoods. It has, however, been brought to the notice of my Committee by the Silk Trade that some of the cheaper items under the various heads proposed would be taxed at a higher rate on account of being grouped together with items of the same designation carrying higher value. My Committee would like Government to take necessary steps for a fair solution of this difficulty.

With regard to the proposed new tariff-valued head for "Printing paper etc.," my Committee have no views to offer.

APPENDIX 57

Income-tax Reform—Expert Committee

Letter No. 2934 dated 22nd November 1935 from Chamber to the Central Board of Revenue.

I am directed by the Committee of this Chamber to communicate to you hereby their views in regard to the structure and procedure of the Income-tax system in India, particularly with reference to the departmental review in this connection contemplated by the Government of India,

The Finance Member, during the course of his speech in the Legislative Assembly in February 1935, observed in this connection: "I do not propose in any sense to have a formal Committee, but rather an Administrative Expert Examination. I have, however, every intention that responsible commercial bodies should have every opportunity of putting forward their views both in writing and, where it is practicable, by oral discussion. But it will not be a formal Committee taking evidence in any formal way, but as I said before rather an expert examination, who will have every opportunity of consulting and considering the opinion of responsible commercial bodies". He also observed that "one or two experts from the Board of Inland Revenue in England will come out to India and they will be associated with a member of the present Income-tax staff in India and between them, I hope, in fact I contemplate, they shall conduct a comprehensive enquiry of the Income-tax system to see what improvements might be suggested....."

At the outset, I am directed to convey to you the feelings of my Committee that an Administrative Enquiry by itself is not sufficient to meet the requirements of the situation. While they agree that the preliminary data and materials may be collected by such an exclusively administrative survey, they are not sure that a proper review of the system and structure with a view to formulate fundamental points of policy for a thorough and comprehensive revision of the system will be possible by confining the examination to a departmental enquiry. While it is their feeling that this matter should, in the fitness of things, form the subject matter of a public Committee of Enquiry, they would, however, wish to suggest that at least some eminent public men, who can effectively represent the point of view of the taxpayer, should have been also very closely associated with the official experts from the commencement of their labours. Without such public association my Committee fear that the work undertaken by the experts of the Government of India will not inspire popular confidence and is not likely to lead to results

which may ultimately have the active support of public men and associations. They, therefore, wish very strongly to impress on the Government of India the necessity for placing the report of the official experts for public examination before a Committee of Enquiry simultaneously affording sufficient opportunities for public associations to express themselves on the findings of the administrative experts.

Taxation of Agricultural Income: Total exemption under Section 4 (3) (VIII) of the Act

The present feature of exemption of incomes from land from income-tax has aroused controversies in the past and on many occasions views have been expressed that the law should be amended so as to bring such incomes within the purview of the taxation system. The Taxation Enquiry Committee in this connection remarked that on grounds of equity there was no reason why the surplus of the larger landholder should be exempt. In a country like India, where the source of income of a vast bulk of the population is mainly agriculture, it is very strange that the same should not have been brought within the system of taxation. It is also a well-known fact that particularly in certain parts of the country certain classes of the community are enjoying fat incomes from agricultural sources, and beyond the land revenue they are not paying any direct tax on this income. Especially in the case of permanently settled Zamindari lands (under Regulation I of 1793) it has been generally recognised that their scales of land revenue have been fixed years ago according to the conditions which then prevailed and even before the Income-tax Act was in existence and the amount paid by them to the State Exchequer in the form of land revenue is disproportionately small.

My Committee are aware that there are in the country many agriculturists whose income is not sufficient after defraying their expenditure to meet even the present land revenue requirements. While, therefore, agreeing in principle with the necessity for some readjustment with a view to

bring in larger agricultural incomes within the ambit of taxation, my Committee would like to exclude from their recommendation the actual cultivator of the soil from such taxation. Suitable provisions for securing exemptions for such small incomes are not difficult to devise. They may, in this connection, suggest that the exemption limit for agricultural incomes may be conveniently raised to a higher limit say, Rs. 4,000 per annum and if necessary even in the case of the bigger limits the amount of tax paid as land revenue may be permitted to be deducted from the assessable income as a business expenditure. A reference in this connection to Rules 23 and 24 of the Act prescribing the mode of assessment to be followed in case of income partly agricultural and partly business is solicited, e.g., Tea Companies. Also a reference to P. C. Judgment in *Raja Prokhat Chandra Barua v. Commissioner of Income-tax, Bengal*, referred in I. T. C., Vol. V. P. 1 to 8, will throw a good deal of light on the subject.

Taxable Incomes

Nominally under the existing system, all incomes arising and received in British India are liable to tax. Incomes arising in the country even of non-residents are liable to tax and incomes arising outside India are taxed when they are received by the assesseees in the country. In practice, however, there are certain classes of income which arise in the country, but are not liable to tax. Interest on sterling securities of the Government of India and pensions and allowances granted to officials and ex-officials of the Government of India who are resident abroad are not assessed to tax. My Committee do not see any reason why these incomes should not be subject to Indian Income-tax. It may be that theoretically taxation on the basis of residence is considered to be in some respects preferable to taxation on the basis of origin. But ultimately the choice between residence and origin as a basis of taxation rests upon the individual interests of the country concerned. Thus for example, creditor countries, whose residents receive large incomes from abroad, would respect the principle of origin.

It is, therefore, necessary for the Indian Income-tax system to provide that all income accruing and arising in the country, wherever and by whomsoever received, must be made liable to tax, the source of income becoming the chief basis of taxation. It is estimated that under the present law we are losing more than a crore of rupees every year on account of the exemption of a large class of income arising in the country but owned and received by non-residents.

The position of an assessee with regard to the losses and gains abroad is at present under some doubt. My Committee are of opinion that this doubt should be cleared. Every assessee should be compelled to declare his losses or gains abroad during the year of accounts, the losses to be allowed in arriving at his assessable income. This would eliminate the present practice of gains abroad not being taxed, except when they are brought over to the country. The present practice in the opinion of my Committee leads to considerable evasion and to the escape of large funds from income-tax and also to funds being sent and kept abroad to the detriment of the Indian money market.

The principle of taxing income on the basis of accrual and origin accepted in the Income-tax system is not applied to as carefully in certain cases as it should be.

Business transacted by foreigners in India is escaping income-tax in several ways, viz.,

Goods sent out on consignment basis escapes tax under instructions issued under Section 43 of the Act.

Indentors

As agents in India of large manufacturers, they would have to pay tax on the total profits earned in the country by their principals. This is avoided by them by calling themselves indentors showing only very

small credit for their local office against which they debit all their expenses which are really borne by the principals.

Treasury Bills

The tax on the interest on Treasury Bills is not deducted at source. It is collected from an Indian holder on the basis that he declares the income in his statement of accounts; but such investment on account of Banks outside and private individuals residing abroad appear to be escaping taxation.

In this connection, my Committee would also like in particular to refer to the powers given to the Governor-General under Section 60 of the Act and the effect of the exemptions so far granted. They are not convinced of the need for continuing particularly the following exemptions:—

(a) In particular they would like to mention that Income-tax and Super-tax should be levied on all income prescribed under the Act and earned by a Ruling Chief or a Native State in British India.

(b) Interest on Mysore Darbar Securities.

(c) Pension and leave salaries and allowances of officers of Government, local authorities, or employees of companies or private employees or Judges of High Courts or of Chief Courts.

(d) Interest on Government Securities held by or on behalf of Ruling Chiefs and Princes of India as their private property.

Equity of taxation—personal income

My Committee are aware that the system of gradation in Indian Income-tax has come in for a good deal of criticism on the ground of the very big jumps which the rates take between certain amounts of income. Suggestions have been made in certain quarters that this feature may be removed by adopting as far as suitable the English system

of having a uniform rate of taxation with certain abatements. The object of gradation is to secure that the higher incomes pay a larger proportion of their surplus than the smaller ones. My Committee are afraid that the introduction of the English system will not be feasible from the standpoint of fulfilling that object wholly.

My Committee feel that the present gradations of scales of tax increasing with larger incomes, is an attempt to secure fairness, but if a few abatements on the lines of the English Act were given to assesseees whose incomes do not exceed Rs. 15,000 annually from all sources taxable under the Act, a much greater approximation to equality could be secured. The maximum of abatements, however, should in no case be more than $1/5$ th of the total income or the initial allowance suggested hereafter, whichever is greater.

1. The initial income of Rs. 2,000 or whatever is the exemption limit should be deducted from the taxable income as a fixed abatement.

2. The present rebate on amounts of Life Insurance premia paid may be continued upto a maximum of $1/6$ th of the total annual income for purposes of Income-tax provided, however, that in cases where the annual income is over Rs. 30,000 no such rebate shall be allowed.

The same remarks apply to exemption from income-tax of contributions to recognised Provident Funds in case of assesseees having an income of more than Rs. 30,000.

3. My Committee are against any abatement on the ground of marriage, but with regard to children and dependents (dependents to be defined as in Rule 4 (2) of the Indian Income-tax (Provident Fund Relief) Rules), viz., any of the following persons who reside with and are wholly dependent on the assessee: Wife, legitimate children (under 16 as defined in Section 12 of the English Income-tax Act), parents, sisters and minor brothers, they

feel that abatement may be given to the extent of Rs. 200 a year for each dependent and child.

Refund of Super-tax to shareholders of Joint Stock Companies on dividends under Section 48 of the Act

My Committee would like to suggest the introduction of a system of Super-tax refunds. At present while income-tax may be claimed back by individual shareholders if the rate applicable to their total incomes is less than the maximum rate borne by the company, no such refund is allowed in respect of super-tax. They also suggest that Double Super-tax should not be collected on Dividends in the hands of an assessee. My Committee further suggest that super-tax limit of individual incomes should be raised to Rs. 50,000 per annum.

Carrying forward of business losses

This is a question on which public opinion has been very insistent and has been placed before Government on successive occasions. As a matter of fact, even the Government of India are committed to the principle of the same. Sir George Schuster the then Finance Member in the year 1930 agreed with the principle and said that he was waiting for a suitable opportunity to introduce the reform. While therefore, making the profits of the previous year an assessable income for the present year, arrangements should be made to permit the carrying forward of business losses against profits of subsequent years. It may be necessary to limit the number of years for which such losses can be carried forward. The British system allows in this connection a period of six years; the American system two years, while the Taxation Enquiry Committee recommended that for India the losses of the previous year should be allowed to be set off against profits of only one subsequent year. My Committee would recommend that for the present provision should be made at least for such losses being carried forward for two years.

Depreciation Allowances

Under Section 10 under the present law allowances for Depreciation on assets owned by assesseees for purposes of business are allowed at the rates prescribed in Rule VIII of the Act, provided prescribed particulars are furnished. Section 10 provides for allowance of depreciation on the buildings, machinery, plant or furniture on the original cost of the same. The word original has been the subject of litigation in the various High Courts and conflicting judgments have been delivered on the subject as to what the original cost means. It is, therefore, suggested that the depreciation may be allowed on the cost to the owner of the machinery or plant or on the book value as shown by the owner. The list under Rule VIII describing the various rates of depreciation should be made more exhaustive and classified so as to suit a particular industry. In some cases the depreciation allowed is much more than the industry can write off and in certain cases the rates prescribed are too low. My Committee, therefore, suggest that the list may be gone through in light of the experience and necessary changes may be effected therein.

My Committee also would like to draw the attention to the question of granting increased depreciation for machinery running double shift. This matter is one on which representations have been made to Government and my Committee are strongly of opinion that the concession asked for should be provided for particularly with a view to meet the requirements of the Textile Industry.

Obsolescence allowance

Obsolescence allowances are not granted on intangible fixed capital such as patents, trade marks, prospecting licences and concessions, etc. My Committee suggest that provision should be made for allowance of losses caused to business by their expiry or premature extinction.

Profits of Life Insurance Companies

In assessing profits of Life Insurance Companies under Rule 25 of the Act, allowance is not made in regard to

the bonus paid to participating policyholders. The assessment of this income to tax which amounts to a return of excess of premium to the participating policyholders is unjustifiable. My Committee understand that in the United Kingdom such an allowance is made and they suggest the incorporation of the same principle in the Indian Law.

They also suggest that the Committee may enquire into the present mode of assessment of Life Assurance Companies which greatly hampers the development of Insurance business in India and put the basis of taxation same as levied under the English Act.

Allowance of Bad Debts under Section 10

Provision should also be made for the allowance of bad debts in computing assessable business income under Section 10 and my Committee suggest the inclusion of an additional sub-clause to clause (2) of Section 10 to the following effect:—

“In respect of loss arising out of irrecoverable debts in the year in which they are written off in the accounts and claimed against the assessable income.”

Limitation of Claims for Refund

Under the present law claims for refund are entertained under section 50 if made within one year from the last date of the year in which the tax was recovered etc., as laid down therein. This time limit of one year is too short. My Committee, therefore, suggest that the claims after the period of limitation may be admitted if sufficient cause is shown by the claimant to the Income-tax authorities for delay.

Delay in granting Refund

My Committee have also received complaints that there is considerable delay and difficulty in getting refunds due to the present system of granting the same to the shareholders of the companies. The procedure that is

adopted of late by the department is to grant refund to the claimants on the dividends from joint stock companies *only* after the assessments of the companies are disposed of and the percentages of the taxed income in the hands of the companies are determined. This naturally delays the grant of refund. My Committee are also informed that due to insufficient and inefficient staff employed for purposes of granting refund the delay is considerable. It is, therefore, suggested that the present procedure of delaying the refund till the percentages of the companies are ascertained should be discontinued and the procedure that existed before may be reintroduced with a view to relieve the claimants of the great hardship caused to them by delay.

Amendments of Sections 34 and 35

There are provisions under the above Sections to enable the Income-tax authorities to assess escaped income and for rectification of departmental mistakes apparent from the records of the assessment. My Committee suggest that the assessee should be given the right for refund of tax over-charged and for rectification of errors committed by an assessee if proceedings are taken under the above sections.

Property tax

The present mode of assessment of income from property under Section 9 of the Act requires radical change. My Committee would suggest that the assessment should be levied on the actual rent and not on the Municipal Valuation which latter alone at present is considered by the Income-tax authorities on the Annual *bona fide* Value and following deduction therefrom may be allowed:—

Rent Received

Less:

- (a) Municipal taxes or Cantonment tax, or Notified Area tax, Licence fees in case of markets, etc.
- (b) Insurance.
- (c) Ground Rent.

- (d) Actual amount of repairs incurred.
- (e) Vacancies.
- (f) Expenses incurred for collection of rent including legal expenses.

My Committee are informed that in some cases the outgoings exceed the rent received and it has been represented that in such cases, the deficit should be allowed to be set off to an assessee against his other sources of income under Section 24 of the Act. They would like the authorities to examine the feasibility of the proposal.

My Committee also suggest that the property owned and *wholly occupied* by non-trading associations, such as Clubs, Stock Exchange, and other allowed associations should be exempt from Income-tax.

My Committee further suggest that when the property is owned by more than one person, the income should be assessed separately in the hands of each co-owner and not collectively as an association of individuals owning the property.

Double Taxation—Section 49

The main beneficiaries from the present position are British companies and firms whose business is located both in India and England and who are obtaining from the Indian Exchequer at an average of rupees one crore a year as refund under Section 49 and the amount thus refunded would show a progressive tendency of increase with every rise in the rates of our income-tax and super-tax. My Committee, would therefore like to suggest that the present relief given should be abolished. They do not think this would lead to any really significant hardships. They recognise that this would mean that the corresponding relief given under Section 27 of the English Finance Act would also be withdrawn. They are convinced that the termination of this reciprocal arrangement would on the balance be to the advantage of Indian revenues.

Appeals

Under the existing provisions an appeal against the decision of the Income-tax Officer lies first to the Assistant Commissioner and then to the Commissioner of Income-tax. The decision of the Commissioner or the Assistant Commissioner in regard to points of fact is final. Further appeal is, however, permissible to judicial authorities, on points of law only. There is a strong feeling that the decision of the Income-tax authorities on questions of fact should not be considered as final, and an appeal should lie both on matters of fact and law to the High Court, with a view to enable a small assessee to get an independent view of an expert body and with a view to minimise delay and conflict of judgments. My Committee would like to suggest the creation of tribunals consisting of non-officials and judges of High Court for consideration of such appeals. Alternatively, my Committee would like to suggest that an appeal on questions of law as well as facts from the decision of the Assistant Commissioner should be allowed to the Board of Referees which is provided for under Section 33(A). At present Section 33(A) provides for the machinery for an appeal in case of assessments levied under Section 23(A) only. This may be amended so as to make an appeal permissible in respect of all disputes to the Board of Referees possible. The appeal to the Board of Referees from the decision of the Assistant Commissioner should go through the Commissioner which will thus serve the purpose of reference for which there is provision in the present Act. The Commissioner then may, if he likes, decide in favour of the applicant in which case there will be no necessity for going to the Board of Referees. If, however, the Commissioner does not accept the reference, the appeal will lie to the Board of Referees. A further provision should be made for a reference to the High Court under Section 66 (2) against the decision of the Board of Referees. The Board of Referees should have on its panel men with business experience and expert knowledge of Income-tax law and procedure as also of accounts and of law.

In this connection, my Committee are in general agreement subject to the above remarks regarding the constitution of the Board with the provisions of the following specimen scheme for tribunal of appeal with regard to Income-tax assessment circulated by the Central Board of Revenue, with their letter No. 741-D/31 dated 28th June 1933, addressed to local Governments. They would suggest the institution of such machinery for the purpose of appeals.

TRIBUNALS OF APPEAL

Income-tax Assessments—Specimen Scheme

1. The present provisions in the Income-tax Act (XI of 1922) as regards assessments, appeals to Assistant Commissioners and Commissioners and revision of assessments by Commissioners will remain as they are.

2. Any person who is not satisfied with the final decision of the Department may appeal to the Tribunal of Appeal on questions of fact as well as law. The appeal will be submitted through the Commissioner of Income-tax and will be accompanied by the prescribed fee.

3. The Tribunal of Appeal will be a highly competent body of experts in the interpretation of general law and the highly technical subject of Income-tax. It will be entirely independent body consisting of three Referees subordinate neither to Government nor to High Courts nor anyone else.

4. To secure the above end, of the three Referees, two will be selected from amongst persons who have worked as Judges of any of the High Courts of Judicature in India and will be selected from persons who have worked as Commissioners of Income-tax for not less than three years.

5. The pay of the two Referees selected from High Court Judges will be kept sufficiently high to make it

attractive for them to sever their connection with the High Court and serve permanently on the Tribunal.

6. The rules for the appointment, removal, retirement, leave, etc., in the case of these Referees will be, as far as possible, on the lines of the rules applicable to High Court Judges.

7. Reference on questions of law under Section 66 of the Act which at present lie to the High Court will, on the formation of the Tribunals, lie to them and the High Courts will be relieved of this extra work which at times takes a considerable part of their valuable time.

8. The Tribunal will adjudicate both on questions of law as well as fact. Its decision as regards the fact will be final. As regards questions of law decided on a reference under Section 66 of the Income-tax Act, an appeal will lie to the Privy Council as at present.

9. As regards the procedure to be followed in the matter of hearing Income-tax appeals, the Tribunals will frame their own rules.

10. It is thought probable that two such Tribunals will suffice for the whole of India.

Appeal under Section 30 of the Act

At present under Section 30 of the Act an Assistant Commissioner is entitled to hear appeals from certain order of the Income-tax Officer as stated therein. It is desirable that the appeal should be provided for under the Act on all orders of the Income-tax Officer under the provisions of the Act.

Liability in case of a discontinued firm or partnership

Under Section 44 of the Act any business of a firm which is discontinued at the time of assessment is taxed as an individual and not as a registered firm. This procedure will make the business subject to payment of super-tax

which, if assessed as a registered firm can be exempt. As the liability to tax under this Section is made joint and several, a solvent or resident partner will be liable to pay the whole amount of tax due from such business which is discontinued as the insolvent or a non-resident partner at the time of assessment cannot be called upon to meet the amount of tax. It is, therefore, suggested that the business which is discontinued and which belongs to a firm should be assessed in the hands of the partners as a registered firm in accordance with the shares of such partners mentioned in the partnership deed.

Provision may also be made calling upon the partners of the firm which has discontinued the business to apply to the Income-tax Officers for the assessment of the business within one month from the date of such discontinuance without waiting for a return being served on them under the provisions of Section 22 (2) of the Act.

Amendment of Section 20(A)

Section 20(A) may be so amended as to call upon the person responsible for paying any interest not being interest on securities to a non-resident to deduct the amount of tax from such payment of interest at the rate or rates applicable to the amount paid.

In conclusion my Committee would like to suggest that all the emergency measures introduced in 1931 to meet the financial exigencies of Government should be done away with. The minimum taxable limit should be raised to Rs. 2,000 per annum and the increase and the surcharges on super-tax and income-tax should be abolished.

APPENDIX 58

Admission of Minors in Business Partnerships

Letter No. 65 dated 9th January 1936 from Chamber to the Central Board of Revenue.

When the representatives of this Chamber met the Income-tax experts in Bombay, it was represented to them

that the eligibility of minors to business partnership led to evasion of tax and that perhaps in extreme cases minors were being taken into partnership with a view to minimise the burden of income-tax. Their opinion was, therefore, invited on the desirability of securing legislation preventing admission of the minors to partnership. At that time the representatives of the Chamber were opposed to the suggestion. They, however, promised that they would place the point before the Committee of the Chamber and forward their views subsequently.

Accordingly the matter has been considered by my Committee. They realise the difficulties created by the presence of minors as members of partnership firms, but they feel that any drastic change in law which would prevent minors from being admitted to partnership would upset social usage and well-established practice and would cause many other difficulties. The business community are, therefore, against the proposal.

Letter No. C.904-B.I.T./34 dated 15th January 1936 from Central Board of Revenue to Chamber.

I am directed to acknowledge receipt of your letter No. 65, dated the 9th January 1936.

APPENDIX.59

Amendment to Rule 37-A of Income-tax Rules

Income-tax Notification No. 11 dated 16th March 1935.

DRAFT AMENDMENT

In Rule 37-A of the said Rules for Note 9 of the Notes appended to the Statement of total income the following

Note shall be substituted, namely:—

“Rebates in respect of insurance premia or of a contract for annuity cannot be allowed in connection with a claim for refund under section 48. A separate claim should be made either for their allowance in the course of the assessment or for a refund under section 48-A.”

Letter No. 1073 dated 1st May 1935 from Chamber to the Central Board of Revenue.

With reference to the Central Board of Revenue Income-tax Notification No. 11 dated the 16th March 1935, I am directed to inform you that my Committee approve of the proposed amendment to Rule 37-A of the Income-tax Rules, 1932.

APPENDIX 60

Amendment to Income-tax Rules—Depreciation Allowance

Income-tax Notification No. 34 dated 14th September 1935.

DRAFT AMENDMENT

In the statement set forth in rule 8 of the said Rules, for the heading “2. Machinery, Plant or Furniture” and the entries thereunder the following heading and entries shall be substituted, namely:—

“2. Machinery, Plant or Furniture.—The special rates for electrical machinery specified hereinafter may be adopted, at the option of the assessee for that portion of the machinery.

General rate..	..	..	..	5
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Special rates are sanctioned as under in the following cases:—

A.—Plant and machinery used in—

(1) Flour Mills, Rice Mills, Bone Mills, Sugar Works,	
Distilleries, Ice Factories, Aerating Gas Fac-	
tories, Match Factories ..	6½

(2) Paper Mills, Ship Building and Engineering Works, Iron and Brass Foundries, Aluminium Factories, Electrical Engineering Works, Motor Car Repairing Works, Galvanizing Works, Patent Stone Works, Oil Extraction Factories, Chemical Works, Soap and Candle Works, Lime Works, Saw Mills, Dyeing and Bleaching Works, Cement Works using rotary kilns, Wire and Wire Nails Manufacturing Works	7½
(3) Brick manufacture, Tilemaking industry, the manufacture of (a) vegetable ghee, (b) optical instruments, (c) coke and (d) concrete pipes, Glass-Factories, Telephone Companies, Mines and Quarries	10
B.—Furniture and Plant in hotels and boarding houses	
	7½
C.—(1) Comptometers, Typewriters, Tube-well boring plant, Concrete pile driving machines .. 10	
(2) Sewing machines for canvas or leather ..	12½
(3) Motor cars used solely for the purpose of business	15
(4) Indigenous sugarcane crushers (Kohlus or Belans)	15
(5) Moulds used in the manufacture of concrete pipes	16
(6) Motor taxis, motor lorries and motor buses ..	20
(7) Ropeway ropes and trestle sheaves and connected parts	25
D.—Ropeway structures—	
(1) Trestle and station steel work	5
(2) Driving and tension gearing	7½
(3) Carriers	10

E.—Salt Works—

- | | |
|---|----|
| (1) Machinery, plant, locomotives, wagons and rolling stock | 10 |
| (2) Tugs, barges, motor launches and floating plant. | 7½ |
| (3) General plant and machinery used in engineering shops | 7½ |
| (4) Reservoirs, condensers, salt pans, delivery channels and piers, if constructed of masonry, concrete, cement, asphalt or similar materials.. | 5 |

NOTE.—Repairs to earth works of the same kind will be allowed as revenue expenditure.

- | | |
|--|-----|
| (5)* Piers, quays and jetties constructed entirely or mainly of steel | 5 |
| (6) Piers, quays and jetties constructed entirely or mainly of wood | 10 |
| (7) Pipe lines for conveying brine if constructed of masonry, concrete, cement, asphalt or similar materials | 10" |

Letter No. 2594 dated 23rd October 1935 from Chamber to the Central Board of Revenue.

With reference to the Central Board of Revenue Notification No. 34, dated 14th September 1935, the Committee of this Chamber would suggest that under 2 C (5) of the Draft amendment proposed the words 'and aluminium ware' should be added, the same to read:—

"2 C (5) Moulds used in the manufacture of concrete pipes and aluminium ware."

My Committee trust that Government will be pleased to accept the above suggestion.

Letter No. 2693 dated 7th November 1935 from Chamber to Central Board of Revenue.

In continuation of this Office No. 2594, dated 23rd October 1935, I am directed by my Committee to inform you that the special rate of 6½ per cent proposed to be sanctioned for depreciation on plants and machinery used in sugar work is too low. My Committee beg, therefore, to request Government to be pleased to raise the percentage.

Letter No. 714-I.T./35 dated 18th November 1935 from Central Board of Revenue to Chamber.

I am directed to acknowledge the receipt of your letters No. 2594, dated the 23rd October 1935 and No. 2693, dated the 7th November 1935, and to state that the proposals made therein are receiving separate examination and a further communication will be addressed to you when the matter has been decided.

2. I am to add that the issue of the consolidated notification, the draft of which was circulated with Board's Notification No. 34 Income-tax dated the 14th September 1935, has not been postponed pending the completion of such examination.

APPENDIX 61

Employers Return of Income-tax deducted on Salaries

Letter No. 1795 dated 17th July 1935 from Chamber to the Commissioner of Income-tax, Bombay.

The attention of my Committee has been drawn to the recent change in the procedure in regard to the collection of income-tax on salaries. Under the new procedure, the employer is called upon not merely to send to the Income-tax authorities a statement of the employees with their salaries,

on the basis of which the Authorities used to prepare the Income-tax Chalan, but also to calculate and prepare himself the Income-tax Chalan to be sent over to the Bank. The former procedure of having the Chalan prepared by the Income-tax Office served as an automatic check on the amount of tax payable; but under the new procedure if any subsequent discrepancies are discovered, owing to difference in the rate of tax on account of increments in salaries, bonus or enhancement of the rate or from any other reason, the employer is held liable. In the opinion of my Committee this imposes an unnecessary burden on the employer. While he should assist the administration of the income-tax, he should not be held minutely responsible at every stage in the matter of recovery from the employees. It could not possibly fall primarily on him.

My Committee further object to the time limit of one week—although imposed by Section 18 of the Act and the Rules thereunder—put down for preparation and despatch of the Chalan to the Bank. While normally the time provided may be adequate, there may be special circumstances, such as the absence of the employer from the town or sickness which may make it impossible for him to send the statement in time. No penalty should be attached to such failures, but a system of reminders should be kept up.

My Committee further urge that *bona fide* mistakes by an employer in such returns, by which he has overpaid to the Department should be adjusted at the end of the year. The assistance which the Income-tax Department gets from him in his capacity as an employer should not be abused by his being held responsible for any loss on account of *bona fide* errors or mistakes.

Letter No. Adm.179/35 dated 3rd August 1935 from the Commissioner to Chamber.

Paragraph 1 of your letter.—In this paragraph it is stated that “under the new procedure if any subsequent discrepancies are discovered, owing to difference in the rate

of tax on account of increments in salaries, bonus or enhancement of the rate or from any other reason, the employer is held liable''. In this connection, I beg to point out that the new procedure makes no change as far as such discrepancies are concerned as the supposition that all such discrepancies were, under the old system, rectified before payment was made is not correct. Under the old system too the monthly payments were scrutinised *after* the payments were made as it was sheer impossibility to attempt to check in detail hundreds of payments received each month before sending on the money to the Bank. I assure your Chamber that the new procedure does not in the least mean any extra bother to employers on this account.

Your Paragraph 2.—There is no change whatever in the past procedure in this matter too. The system of reminders as in the past has been maintained and there is no intention whatever to modify it to any extent.

Your Paragraph 3.—Your attention is invited to section 18 (2) proviso, which allows an employer to adjust any excess or deficiency arising out of a previous deduction at the time of making a subsequent deduction provided the adjustment is made before the close of the year concerned. The duty of the employer consists simply in deducting the tax from the salary he pays and remitting the amount deducted to Government and you will agree that he has to be held responsible for seeing that what has been deducted has been duly paid over to Government in full.

APPENDIX 62

Bill to amend the Bombay Tobacco Act 1933

Letter No. 505 dated 20th February 1935 from Chamber to the Government of Bombay, Finance Department.

I am directed by my Committee to send to you hereby their views on the above Bill.

It is claimed by Government that under the revised basis of taxation proposed in the Bill, they hope to collect about the same amount of revenue as during the previous years under the old basis. My Committee, therefore, hope that the revised scale of fees would be such that taking the trade as a whole, the prices to the consumer would not be inordinately raised, as if the same should have the effect of raising prices, the object of Government would be defeated by the check in consumption.

Complaints were also received by my Committee about the difficulty in obtaining licences particularly in mofussil places. They beg to suggest that licences should be issued freely without any restriction.

APPENDIX 63

Motor Vehicle Taxation

Letter No. 166 dated 17th January 1935 from Chamber to the Government of Bombay, Finance Department.

The Committee of this Chamber have considered the Press-Note issued by the Government of Bombay suggesting certain proposals for Motor Vehicle Taxation.

My Committee have protested in the past against the system of tolls and are, therefore, now glad that this system is going to be abolished. It is proposed that there should be a provincial taxation on motor vehicles to be of universal application throughout the Presidency proper. While my Committee would have considered such an alternative scheme as preferable if the Schedule now proposed had been on a reasonable basis, they are sorry they cannot accord their full support to the same, because of the heavy burden it is calculated to impose on trade and industries. The proposed Schedule has laid down payments to be made by all sorts of cars. It appears to my Committee that, while private cars under 15 and 30 cwt. will be gaining through the new

taxation, passenger-carrying buses and motor trucks will have to pay much more than the present scale. This is a direct tax on trade and industries which, as my Committee have repeatedly urged, are not now in a position to pay anything more than what they have been doing at present. Motor lorries are now playing a considerable part in the movement of trade and industries, and it will be penalising the latter if the scale now proposed were to be adopted. The abolition of all Road Tolls is to be greatly desired, but if financial reasons render some additional taxation unavoidable, even though deplorable, my Committee would strongly urge Government to find some other alternative and avoid burdening our industry and commerce, which still require careful nursing rather than additional burdens. Under the circumstances, my Committee beg to request the Government of Bombay to be pleased to revise the Schedule so as to be more favourable to passenger-carrying buses and motor trucks and lorries.

APPENDIX 64

Enhancement of Export Cess on Tea

Letter No. 57(2)/34 dated 22nd February 1935 from Government of India, Commerce Department, to Chamber.

I am directed to enclose a copy of the communications

Letters from the
Indian Tea Association.

1. No. 658-0, dated
the 4th February
1935.

2. No. O/M-1, dated
the 12th February
1935.

cited in the margin from the Indian Tea Association.

It will be observed that the Association have suggested that the rate of cess leviable on Indian tea exported to any port beyond the limits of British India or to Aden should be raised from annas eight to annas twelve per 100 lbs. Before deciding to give legislative effect to the proposal the Government of India

would be glad to know whether your Chamber/Association has any objection to it.

As the Tea Association are particularly anxious that legislation be undertaken during the current session of the Legislature in the event of their proposal meeting with general acceptance I am to request that your reply may be communicated by telegram at a very early date so as to reach this Department not later than the 10th March 1935, in any case.

Copy of letter No. 658-o, dated the 4th February 1935, from the Secretary, Indian Tea Association, to the Secretary to the Government of India, Department of Commerce.

In my letter No. 3988-o dated 14th June 1934 I communicated to you the views and wishes of the Tea Industry in connection with the amendment of the Indian Tea Cess Act and I supplemented those views in my letters No. 4780-o and 5430-o dated 31st July and 15th September respectively. The proposal to increase the maximum rate of cess to one rupee was supported by important sections of the Industry on the understanding that simultaneously legislation for regulating production would be undertaken. A letter received from the Secretary to the Government of India in the Department of Education, Health and Lands, No. F100-1/34-A dated 24th January 1935, has made it clear that no legislation is contemplated with regard to crop regulation. As it is absolutely essential to secure a very early increase in the amount of money available for tea cess purposes, I am directed to give expression to the very earnest desire of the Tea Industry that the Government of India will be pleased to frame a Bill at the earliest possible moment, giving effect to Tea Cess proposals which command practically unanimous support, and to

have this Bill passed during the current session of the legislature. I shall explain the urgency of the case and give a full description of proposals which the Industry now desire to see embodied in the Tea Cess Act.

2. The International Tea Committee in a memorandum adopted by them on 10th October 1934 (of which a copy is attached for ready reference), sum up the future outlook of the Industry in these words:—

The Committee view with very grave concern the disparity between the potential production of the tea already planted in the regulated countries and the present world consumption of the product. They estimate that by the 31st March 1938 the potential production of tea from existing plantings in the regulated countries will amount to not less than 1050 million lbs. annually. If to this figure are added exports from non-regulating countries, estimated at 150 million lbs.—and they are likely to amount to more—the possible total supply will be 1200 million lbs. Leaving out of account the internal consumption of tea in producing countries, the world consumption is at present approximately 865 million lbs., so that there will be a possible disparity of 335 million lbs. At present, there is no evidence to show that consumption is increasing, and, in fact, the tendency appears to be the other way.

The potential productive capacity of the Indian Tea Industry in the year 1934 was 509½ million lbs. and it is estimated that in 1938 the potential crop will be 518½ million lbs. It is recognised by the Industry that there is only one real remedy for the situation disclosed by these figures, namely, the expansion of the world's markets for tea to the extent of absorbing an additional 350,000,000 lbs. of the product as soon as possible. It is recognised that the artificial devices of control and restriction are merely a temporary palliative, but that such means are

necessary to maintain the Industry in a state of solvency until the true solution has been reached.

The memorandum of the International Tea Committee above quoted makes strong recommendations for intensified widespread efforts to increase the consumption of tea as the most urgent task that lies before the Industry.

Tea differs from ordinary agricultural products in that it can only respond slowly to increases of demand, and once planted the tea bushes remain permanently on the map. The depression which has fallen upon the Industry in common with all other industries throughout the world has been aggravated by the large areas of extensions put out during the boom of ten years ago. The removal of restriction and control would have the effect of ruining a large number of the present owners of tea estates, but unless a law were passed compelling ruined owners to uproot all their tea bushes instead of selling them for what they can get, this catastrophe would not be a solution of the problem. The ruined properties would be bought up for a song by other concerns and would remain as a permanent obstacle to a general revival of prosperity, unless and until the true solution of expanded markets was realised.

3. The International Tea Committee recommend that each of the three countries which are signatories of the International agreement should take immediate steps to obtain an increase in their propaganda resources to a common level of one rupee, or the equivalent, per 100 lbs. of tea exported. In view of the fact that India's most important and promising field is India itself, it has been unanimously agreed to ask the Government of India to extend the incidence of *the cess to all tea produced and not merely to exported tea*. For similar, though far less cogent, reasons, the Dutch Government has decided *to levy the cess at the rate recommended at the International Tea Committee on all tea produced in the Netherlands East Indies*. In the Indian Tea Industry's previous proposals

the collection of cess on unexported tea was treated as a simple corollary of the scheme of regulated tea production simultaneously asked for. I am now to suggest, as an alternative, that this portion of the proposed cess, namely that on unexported tea, be collected in the same manner as is issued by Government for the collection of income-tax, namely that all tea estates should be called upon annually to make a return of the total quantity of tea which they produced in the previous year but did not export by sea. It is not anticipated that serious evasions would be possible owing to the check which can be exercised with the co-operation of the Licensing Committee, the Calcutta brokers and the Industry's own internal organisation. Deterrent penalties should be provided for false returns, and the assistance of the Revenue Officers of Government would, it is hoped, be made available for the realisation of cess in cases of deliberate refusal to pay. The normal collection on unexported tea could be made by the Indian Tea Cess Committee by a system of direct payments without requiring to trouble the Revenue authorities.

4. The present proposals differ from the recommendation of the International Tea Committee in that *a rate of twelve annas per 100 lbs. of tea*, and not the full rupee, is asked for. The reason for this is that some of the support accorded to the previous proposals was of a conditional character, whereas support to a twelve anna cess was universal. From the description which follows of the programme of the Indian Tea Cess Committee, it will be realised that we cannot afford to delay the inception of legislation. A twelve anna cess will furnish sufficient funds for the programme of the next two years, after which it will be necessary for the industry once more to invoke the aid of Government if expansion of its efforts is to continue. It is anticipated that the results achieved in the next two years will satisfy all sections of the Industry that the true solution of their troubles is being brought steadily nearer by this expenditure and that the support then accorded to a further increase will be both unanimous and uncon-

ditional. In the immediate future the Tea Cess Committee must from its budget as required by the rules of Government, and if there is reasonable ground for anticipating that the enhanced cess will be available from the beginning of the coming season, the budget can be based on the programme described below, but not otherwise.

5. The programme of the Indian Tea Cess Committee at present embraces three major activities, namely, (1) **India.** During the present season a staff has been trained at the cost of a lakh of rupees to begin work forthwith in the province of Bihar and Orissa. There will be no slackening of the work which, during the past year, has been intensively carried on in the United Provinces. Experimental work in Eastern Bengal has shown such encouraging results that considerable expansion in this territory is intended. In South India, with the permission and encouragement of His Exalted Highness' Government, the State of Hyderabad will be intensively worked, while simultaneously operations in the Madras Presidency are carried on. Systematic publicity and advertising, principally in the vernacular papers, is now being put on the footing of a definite campaign, and a widespread programme of setting up tea stalls in or near factories, mills, Government office compounds, market places and other such localities, where people congregate habitually for pleasure or business, is being steadily worked out.

(2) **The United Kingdom.** This is by far the most important market in the Tea Industry and of late there have been ominous signs of a decrease in British consumption, due in large measure to the failure of the industry to recognise that even the best known household commodities will lose custom if they fail to advertise, when all rival beverages are advertising with all their might. The work which has been carried on in England during the past six months has shown that even greater efforts are necessary, and that such efforts will undoubtedly achieve much.

(3) **The United States of America.** Much hostile criticism has been heard of the efforts hitherto put forth by India in this field. In order to satisfy itself as to the merits of such criticism and as to the potentialities of the vast market of America for tea, the International Tea Committee recently sent a deputation, representing India, Ceylon and Java, to hold an enquiry and to submit proposals. The report submitted by this deputation has not yet been made public, so it is not possible now to say more about it than that it was unanimous and of an entirely constructive character. The inferences drawn by the critics of India's past efforts that tea propaganda in America is a hopeless proposition have not, it is understood, been endorsed by the Commission. When it is considered that the increase in consumption which is necessary to restore the industry to normality is no less than 350,000,000 lbs., it will be obvious that the Industry cannot afford to neglect the vast market of America (which, at present, is the second largest customer of exported tea in the world).

There are only two other large potential markets, namely, India, where intensive work is being extended as rapidly as is possible with due regard to efficiency; and Russia which, for the moment, has caused the Industry acute disappointment. There are, however, indications that this set-back may only be a temporary one.

6. Henceforth it is intended that the propaganda throughout the world for exported tea shall be deprived of the sectional character which has hitherto been its essential feature. No matter which of the three controlling countries is in charge of a particular campaign, the objective of all will be to increase the consumption of good black tea with particular reference to the teas of India, Ceylon and Java. The Ceylon Tea Propaganda Board has inaugurated or projected campaigns on the above lines in Canada, Australia, New Zealand, South Africa and Egypt. The Dutch Government have assumed responsibility for the whole Continent of Europe on the same understanding. The campaign in

Britain is jointly conducted by India and Ceylon, and the proposed campaign in America will be the first International Campaign to be launched with funds provided jointly by India, Ceylon and Java. The principle of contribution by one country to a campaign run by another has been recognised, and the recent example of the Dutch in contributing £10,000 to the Australian campaign of the Ceylon Tea Propaganda Board will undoubtedly be copied in future.

The Indian Tea Cess Committee desire to budget for substantial increases of expenditure in India, in the United Kingdom and in America, and to have a surplus from which contributions can be made, if necessary, to one or other of the minor campaigns.

7. The changes which these proposals will necessitate in the Indian Tea Cess Act involve amendments to the preamble and description of the Act; to the definitions of "Collector" and "Tea Cess" and to Section 3. It will also be necessary to add provisions for the collection of the cess on unexported tea.

With regard to the preamble, it may be sufficient to substitute for the words "customs duty on tea exported from British India" the words 'duty on tea produced in India,' leaving it to the new Section 3 to differentiate between the customs duty and the internal levy.

In the definition of "Collector", for the words "passing out of British India by land" might be substituted for the words "not so exported."

In the definition of "Tea Cess", for "customs duty" read "duty."

Section 3 might perhaps be divided into two subsections, the first being very similar to the existing Section 3 with the substitution of the proposed rate of 12 annas

per 100 lbs. of tea; the wording of the second sub-section would depend on the decision of Government as to the most suitable method of collecting the cess on unexported tea.

TEA PROPAGANDA

Memorandum adopted by the International Tea Committee, London, at a meeting held on 10th October 1934:—

1. In pursuance of the duties of the International Tea Committee, as defined in the memorandum of Recommendations, which include "the study of ways and means for the increase of the consumption of tea in the world", the Committee have given special consideration to the subject of the propaganda efforts now being undertaken by the Indian Tea Cess Committee, the Ceylon Tea Propaganda Board and the Amsterdam Tea Association.

2. The Committee view with very grave concern the disparity between the potential production of the tea already planted in the regulated countries and the present world consumption of the product. They estimate that by the 31st March 1938 the potential production of tea from existing plantings in the regulated countries will amount to not less than 1050 million lbs. annually. If to this figure are added exports from non-regulating countries, estimated at 150 million lbs.—and they are likely to amount to more—the possible total supply will be 1200 million lbs. Leaving out of account the internal consumption of tea in producing countries, the world consumption is at present approximately 865 million lbs., so that there will be a possible disparity of 335 million lbs. At present, there is no evidence to show that consumption is increasing, and, in fact, the tendency appears to be the other way.

3. While the Committee consider that the existing measures for the control of production are working smoothly, it is clear that these must entail an increasing burden on

the Industry unless world consumption of tea can be materially increased as soon as possible. They feel, therefore, that to bring about such increased consumption is the most urgent task that now lies before the Industry. An immediate large increase in consumption is what is wanted. But propaganda, however powerfully and efficiently conducted, cannot bring about a large development of consumption at once. Indeed, so far as is known to the Committee, there is only one possible way of securing the immediate large increase that is necessary, and that is by extending the sale of tea to Russia. Such an extension might be brought about by the introduction of a suitable credit scheme. The Committee have accordingly framed a scheme designed to promote the sale to Russia of largely increased quantities; and they most strongly urge that this scheme should be adopted without delay by the industry as a whole.

4. Valuable as is the propaganda work now being conducted by the Indian Tea Cess Committee, the Ceylon Tea Propaganda Board and the Amsterdam Tea Association, in India, the United Kingdom, the United States of America, Canada, South Africa and on the Continent of Europe, the Committee do not feel that it is adequate to meet the urgent need not only of finding new markets for large quantities of tea but also—and equally important—of checking any decline in consumption in existing markets.

5. The Committee therefore consider:—

Firstly, that it is imperative that existing propaganda should be expanded.

Secondly, that it is essential that all propaganda should be solely devoted to the one purpose of increasing the consumption of the teas produced by the regulating countries, irrespective of any sectional considerations.

Thirdly, that the propaganda efforts of the three countries should be as closely co-ordinated as possible so as to ensure that all available resources are expanded to

the fullest advantage, and only in those markets where the maximum of return in the way of increased or maintained consumption is likely to be reaped, and so as to ensure that all the experience and information gained by each of the bodies concerned in the conduct of propaganda can be made available to the others, in order to increase the economy and efficiency of the work as a whole.

6. In regard to the first of the above consideration, the Committee most strongly urge that the Indian Tea Cess Committee, the Ceylon Tea Propaganda Board, and the Amsterdam Tea Association should each take immediate steps to obtain an increase in their propaganda resources to a common level of *one rupee or the equivalent* per 100 lbs. of tea exported.

7. In regard to the second consideration, the Committee understand that each of the bodies concerned has already definitely adopted the policy advocated. The Committee warmly endorse their action in this respect.

8. In regard to the third consideration, the Committee propose to suggest arrangements whereby they themselves can most effectively function in an advisory capacity for co-ordinating propaganda efforts as a whole, in accordance with their terms of reference. It should be understood that this proposed new arrangement will not affect the propaganda now being carried on in producing countries, although it is hoped that the organisations in those countries will keep in touch with the International Committee.

*Copy of letter No. o/M-1 dated the 12th February 1935
from the Chairman, Indian Tea Association, Calcutta,
to the Secretary, Government of India, Depart-
ment of Commerce.*

In my letter No. 6580 of 4th February 1935, I submitted, for the approval of the Government of India,

proposals for an immediate amendment of the Indian Tea Cess Act, to be followed later on by a more comprehensive amendment. The reasons for these proposals are fully set forth in the letter to which I refer.

The urgent necessity for increasing the Indian Tea Cess fund at a very early date makes it imperative that any proposal for present acceptance must contain no element liable to involve delay. My Committee is advised that the proposal to levy cess hereafter on all tea produced in India, and not merely on exported tea, must be referred to local Governments for approval, no matter how simple a procedure for the collection of such a cess in practice may be devised. Such a reference must inevitably preclude all possibility of cess legislation being undertaken in the present session of the Assembly. I have the honour, therefore, to submit, for the favourable consideration of the Government of India, the alternative proposal of introducing now a simple amendment to Section 2 of Act I of 1921, to substitute the words "12 annas for 100 lbs." for the words "8 annas for 100 lbs." The proposal to amend Act IX of 1903 will be re-submitted at a later date.

Letter No. 618 dated 1st March 1935 from Chamber to Government of India.

I am directed to acknowledge the receipt of your letter No. 57(2)/34, dated 22nd January 1935.

In the first instance, my Committee very strongly object to the proposal of the Tea Association for the levy of a cess on all tea produced in India in place of the present levy on exports. A levy on production is bound to raise the local cost and consequently, by raising the price, to check the consumption of tea in India. My Committee consider that the Indian consumer is important to the Indian producer, and he should not be penalised in any manner.

With regard to the question of enhancing the export cess from annas eight to annas twelve per 100 lbs., my Committee are strongly opposed to the same. With the fall in the price of tea, even the incidence of the present levy of annas eight has increased, but the principal ground influencing my Committee in this matter is that they are not satisfied with the present manner of expenditure of the collections from the cess. They have examined the statement of accounts of the Cess Committee, from the figures available to them for the year 1932-33, and they feel that there is a scope for a re-adjustment of the present outlay. The value of propaganda is when old fields are abandoned for normal trade and new fields are sought. The expenditure now incurred in certain direction is unnecessary. The tendency, however, would be to continue the same, unless a strong check is imposed. The check is inherent in the limitations of finance.

My Committee would like to know as to what has been done by the Association to secure a renewal of trade with Russia, which was one of the most important consumers of tea before the War. Progress in this direction could be secured through the High Commissioner for India in London, and the Indian Trade Commissioner whose assistance is also available. In any case, even if Government propose to concede the request of the Tea Association for the increase in the export cess, my Committee would like the matter to be carefully sifted and further information supplied to them, and legislation not undertaken during this session of the Legislature as desired by the Association.

APPENDIX 65

Refund of Town Duty on Lissa Sugar exported

Letter No. 1518 dated 19th June 1936 from Chamber to the Commissioner, Bombay Municipality.

The attention of the Committee of this Chamber has been drawn to the representation dated the 17th June 1935

submitted by the Memon Chamber of Commerce, the Sugarcandy Association of Bombay and others to His Worship, the Mayor of Bombay, with regard to above matter. I had seen you personally sometime back in regard to this question and requested you to postpone bringing your new Order abolishing Refund into effect for sometime in order to enable the merchants concerned to move in the matter. Unfortunately this was not done.

My Committee now beg to support very strongly the representation addressed to His Worship the Mayor by the business interests concerned to withdraw your order and to restore the procedure which was in force of giving refund of Town duty on Lissa Sugar, for the last so many years.

The Lissa Sugar Industry is one of the small industries of Bombay which requires every encouragement and protection from the City which has been passing, since long, through a period of depression owing to the diversion of its trade. My Committee, therefore, urge that the local Lissa sugar industry should be given the relief asked for by restoring the refund of Town duty on Lissa Sugar manufactured in and exported out of Bombay.

*Letter No. T.D.96 dated 25th June 1935 from the
Municipal Commissioner to Chamber.*

With reference to your letter No. 1518 of 19th June 1935 on the above subject, I have the honour to state that it has since been decided that the practice which was in existence should be allowed to continue and that as before refund should be allowed on the export of Lissa Sugar manufactured in the City under Municipal supervision as before and subject to a deduction of 10 per cent.

APPENDIX 66

Provisional Tariff Values—indicating rates of duty

Letter No. 3171 dated 19th December 1935 from Chamber to the Director-General of Commercial Intelligence & Statistics.

I am directed by the Committee of this Chamber to address you as under, in regard to a representation dated 9th December 1935 made to you by the Indian Chamber of Commerce, Calcutta, suggesting to indicate the percentage duty levied for each commodity in the provisional tariff schedules, which are sent out to different Chambers of Commerce at the time of the annual revisions of tariff values.

My Committee have considered this suggestion, and feel that the insertion of such an additional column showing the percentage duty for each commodity would be helpful to businessmen in arriving at actual prices mentioned in such schedules. They, therefore, trust that Government will be pleased to favourably consider the suggestion of the Indian Chamber of Commerce, Calcutta.

Endorsement No. 436-C.I.C. dated 10th January 1936 from Director-General to Chamber, forwarding a copy of a letter No. 436, addressed to the Indian Chamber of Commerce, Calcutta.

With reference to your letter No. 01283 of the 9th December 1935, on the above subject, I regret to say that I am unable to comply with your request as the provisional tariff values Schedule has to be prepared within a very short time and a large number of copies have to be prepared in manuscript for distribution to the Collectors of Customs and various commercial bodies. Moreover, merchants who wish to ascertain the rates of duty on the different items included in the Schedule can easily do so by a reference to the Indian Customs Tariff which is sold at a nominal price of annas 3 per copy.

APPENDIX 67

**Description of Woollen fabrics and Cotton flannels for
Customs purposes**

*Letter No. 16921-C.I.C. dated 11th November 1935 from
the Director-General of Commercial Intelligence to
Chamber.*

In connection with the operation of the provisions of the Merchandise Marks Act relating to false description of goods a question has arisen as to the minimum percentage of wool required in a fabric to justify the article being described as 'mixed woollen flannel' or 'mixed flannel' according to trade practice, and I shall be grateful to you if you will kindly let me know what is the trade practice in the matter. As you are no doubt aware, in the Central Board of Revenue Ruling 6 of 1931 the term "woollen" was interpreted as meaning "articles containing not less than 85% wool" but there has been no Ruling so far indicating the minimum percentage of wool which a "mixed woollen fabric" should contain. The information is required in order to give general instructions to Customs Officers regarding the percentage of other fabric which may be permitted in goods described as 'mixed woollen' or 'mixed flannel' without such goods being considered by the trade as 'misdescribed.'

I should also request you to kindly let me know if the term 'cotton flannel' is in use by the trade to describe flannel-like textiles made of pure cotton.

I shall be very grateful to you for any assistance which you can give me in this matter.

*Letter No. 3181 dated 19th December 1935 from Chamber
to the Director-General.*

With reference to your letter dated 11th November 1935, No. 16921-C.I.C., my Committee would suggest the

following classifications for adoption by Government, in regard to the description of Woollen fabrics:—

- (1) Fabrics containing cotton or artificials upto 5% and wool 95% be described as "All Wool" or "Pure Wool."
- (2) Fabrics containing 15% cotton or artificials and 85% wool be described as "Woollen."
- (3) Fabrics containing less than 85% wool upto a minimum of 30% be described as "Cotton and Wool," or "Union," or "Half Cotton," or "Mixed Woollen."

As regards Cotton Flannels, this kind of article is imported in the local market and is known as Cotton Flannels or Cotton Flannellets.

III.—TRADE, INDUSTRIAL AND LABOUR LEGISLATION

APPENDIX 68

Bill to Amend the Weights and Measures Act

*Letter No. I.G.12 (c) dated 24th September 1935 from the
Director of Industries to Chamber.*

Government are placing before the next session of the Legislative Council at the end of this month an amending bill to enable Government to recognise if necessary, (a) any weights and measures which are not at present mentioned in the First Schedule of the Act, and (b) any additional denominations, multiples and sub-multiples of weights and measures given in the First Schedule of the Act. The various associations and chambers concerned in the matter, specially of such trades as goldsmiths, jewellers, dispensing chemists and drug and liquor shops, etc. are requested to forward to the undersigned their recommendations with full reasons in each case in connection with (a) and (b) above. It is requested that these recommendations should reach this office not later than the 7th of October.

*Letter No. 2412 dated 2nd October 1935 from Chamber to
the Director.*

I am directed by my Committee to acknowledge receipt of your circular letter No. I.G.12 (c) dated the 24th September 1935 regarding the proposed amendments to the Bombay Weights and Measures Act, 1932, and to say that they approve of the provision of the Bill.

APPENDIX 69

Interpretation of Section 12 of the Bombay Weights and Measures Act

Letter No. 984 dated 17th April 1936 from Chamber to the Secretary to the Government of Bombay, Legal Department.

With reference to the Government Notification No. 9518, dated 8th August 1934, in which it is declared that this Act shall apply to the City of Bombay, the Committee of this Chamber have been in close touch with the several markets which would be affected by the application of the provisions of the same. *Prime facie*, there is considerable outcry that the strict application of the Act will cause very serious inconvenience and will bring about dislocation in the trade. Having regard, however, to the objects of the Act, which this Chamber generally supported, my Committee have directed me to address you on the issue that some of the important sections of the Act are not quite clear and that amongst merchants, who consider them as laymen, differences of opinion have arisen.

One set interprets the Act, as making it impossible, from the date of the application of the Act, for rates to be quoted or for any contracts to be made in weights and measures hitherto in vogue, and they claim that the Act lays down that all contracts must be expressed in one of the schedule standards or multiple thereof. Another set points out that as the words used in section 12 are: "shall be deemed to be had or made according to one of the standard weights or measures or to multiples thereof," merchants or firms can continue quoting to one another in their markets in current standards which they are in the habit of using, and entering into contracts in those weights and measures. Both sides, however, agree that at the time of delivery only weights and measures permitted under the Act could be used for making delivery. Those who hold that current standards could be continued for

purpose of quoting rates or entering into contracts, justify their interpretation that if the intention of the legislation was that even negotiations prior to the contract must be made on the basis of the schedule weights and measures and the contracts themselves actually made in the schedule standards, the expression used would have been that "dealings and contracts shall be made according to one.....", and not as pointed out above: "shall be deemed to be had or made....."

As transactions are numerous and the existing trade practices cannot be lightly set aside and as the matter of interpreting this particular section has given rise to serious misgivings, I am directed to request you that Government will at an early date let my Committee have an authoritative statement on the subject, and, if possible, a definite statement of opinion from the Legal Remembrancer, so that doubts may be set at rest and my Committee can exhort the mercantile community to conform to the full requirements of the Law.

Letter No. 9518/IV/C dated 12th June 1935 from Secretary, Government of Bombay, General Department, to Chamber.

With reference to your letter No. 984 dated the 17th April 1935, addressed to the Secretary to the Government of Bombay, Legal Department, requesting him to furnish you with an authoritative interpretation of section 12 of the Bombay Weights and Measures Act, 1932, I am directed by the Government of Bombay (Transferred Department) to state that the intention of Government in enacting section 12 was (1) to make it illegal for anyone to enter into any contract or take part in any dealing in terms of or on the basis of any weight or measure not specified in the First Schedule of the Act, and (2) to include in the expression "dealings or contracts" in the quoting of rates and other kinds of offers and tenders, the invitations for offers as well as the acceptance of offers and tenders.

APPENDIX 70

Need for All-India Weights and Measures Legislation

Letter No. 1149 dated 13th May 1935 from Chamber to Government of Bombay, General Department.

I am directed by the Committee of this Chamber to address the Government of Bombay in regard to the necessity of having an all-India legislation on the lines of Bombay Weights and Measures Act, 1932.

My Committee have all along supported the efforts of the Government of Bombay which resulted in the enactment of the Bombay Weights and Measures Act. The necessity and importance of such a measure to the commercial community and particularly to the agricultural community and the general public are being recognised on all hands. What my Committee desire to point out at this juncture is that the advantages and benefits of such a measure may be considerably minimised on account of the absence of similar measures in the other provinces, with which this Presidency has very wide and extensive trading and business connections; and it may even cause much inconvenience to the local trading community in their dealings with those of the other provinces. There is a section of the business community who thinks that uniform weights and measures should have been imposed first in the mofussil districts both in Bombay, Central Provinces and other Provinces, before bringing it in force in Bombay, the principal market city in Western India. On a careful consideration, my Committee feel that the demand by various trading communities of the City for an all-India legislation of this character deserves attention and sympathetic consideration of Government. My Committee are aware that initiative in this matter could only be taken by the Government of India. They would, however, take this opportunity of requesting the Government of Bombay to be pleased to acquaint the Government of India with the strong feelings entertained in this regard by the trading

bodies in the City and urge upon the Central Government the necessity and importance of having an all-India legislation on the lines of the Bombay Act, with a view to facilitating inter-provincial trade and business.

*Letter No. 9518/IV/C dated 18th June 1935 from
Government of Bombay to Chamber.*

I am directed to refer to your letter, No. 1149, dated the 13th May 1935, regarding the necessity of all-India legislation on the lines of the Bombay Weights and Measures Act, 1932, and to state that although the desirability of such legislation may be admitted, Government are of opinion that before approaching the Government of India in the matter, it would be better to wait and gain some experience of the working of the Bombay Weights and Measures Act, 1932, in the Bombay Presidency. If, however, your Chamber is of the opinion that all-India legislation should be enacted in the immediate future, I am to suggest that the Government of India may be moved in the matter direct.

*Letter No. 1729 dated 11th July 1935 from Chamber to
the Government of India, Commerce Department.*

I am directed by the Committee of this Chamber to address Government in regard to the necessity of having an All-India Legislation on the lines of the Bombay Weights and Measures Act, 1932.

My Committee fully supported the Government of Bombay with regard to the enactment of the Bombay Weights and Measures Act, which was finally passed in 1932. The Committee also have tried their best to make the Act popular and to interpret it to the different sections

of the commercial community in order to have a smooth and rational working of the Act and the Rules thereunder. The Act will come into operation from 1st August 1935. In the meanwhile, my Committee have been much impressed with the views of several Commercial Associations affiliated to this Chamber that if the real aim and object of such an enactment has to be achieved, the Act should not be restricted merely to the Bombay Presidency. Internal trade is now an all-India trade and its magnitude is very large as compared with the foreign trade of the country. Looking to this vast importance of internal trade, steps should always be taken to see that there are no hindrances or restrictions in the way of the natural evolution and development of this trade. Passing of an enactment like the Bombay Weights and Measures Act by the Bombay Presidency alone, may give rise to certain complications and difficulties unless other provinces have also got the same enactment.

The Government of India have been following the same procedure and having the same outlook with regard to the Labour Legislation, which is now generally passed from the Central Legislature and made applicable to the whole of India. My Committee believe that the legislative enactment like the Bombay Weights and Measures Act should also be made applicable to the whole of India and be passed by the Central Legislature.

There is of course the other alternative, namely, of having the measure passed by different provincial legislatures. This procedure will, however, perhaps be found to be a cumbersome one and may entail a great delay. The first alternative, therefore, of having the measure passed by the Central Legislature is to be preferred.

While my Committee are in favour of having as much legislative authority for a provincial legislature as possible, they should like to observe that measures like this may suitably be passed by the Central Legislature in view of

the difficulties encountered if they are passed by one provincial legislature.

My Committee, therefore, beg to request that the Government of India will be pleased to consider this suggestion of theirs favourably and introduce an all-India legislation on the lines of the Bombay Weights and Measures Act, 1932, in the Central Legislature at an early date.

APPENDIX 71

Standardisation of the Khandy at 784 lbs.

*Letter No. IG.21.XI/1944 dated 19th March 1935 from
the Director of Industries, Bombay, to Chamber.*

I have the honour to state that it has been represented to the Government of Bombay that it will be of great help to the Cotton trade if the Bombay Weights and Measures Act, 1932, is so amended as to include in the First Schedule of the Act "the Khandy of 784 lbs."

Government are aware that the weight value of the Khandy at present varies with different trades and before, therefore, they take a decision on the representation mentioned above, they are desirous that the various interests affected should be consulted. I have, accordingly, the honour to request you to be so good as to favour me with the views of your Chamber in this matter. If your Chamber should be against the proposed standardisation of the Khandy I shall be obliged if you will kindly let me know your reasons in detail. Your early reply will be greatly appreciated.

*Letter No. 1527 dated 20th June 1935 from Chamber
to the Director of Industries.*

Your letter dated the 19th March 1935, No. IG.21.XI/1944, with regard to the above question has been fully considered by the Committee of this Chamber. They even called a Conference of different trade interests with reference to this question and proposed to call another Conference with reference to which they suggested to the Hon'ble Minister for Local Self-Government that he might well be present. I am now directed by my Committee to inform you that they have found a very great diversity of views with regard to this question of Standardisation of Khandy at 784 lbs., among the important commercial bodies in the Presidency. While some bodies are for standardisation of the Khandy at the figure suggested by Government, others equally strongly want it to be standardised, if it is to be standardised at all, at several other figures. Looking to the diversity, my Committee cannot recommend that the standardisation should take at either one or the other figures, as such a course would, instead of bringing about unity, create needless irritation and annoyance to some of the commercial interests involved. Under the circumstances, my Committee hope that for the present the Khandy will not be standardised unless and until a greater measure of agreement amongst the different trades concerned is forthcoming.

*Letter No. IG.21.XI/4980 dated 25th June 1935
from the Director to Chamber.*

I have the honour to acknowledge receipt of your letter No. 1527 dated 20th June 1935 and to state that the Government of Bombay do not at present think it desirable to recognise the Khandy of 784 lbs. or any other value in the first schedule of the Bombay Weights and Measures Act, 1932.

APPENDIX 72

Rules under the Weights and Measures Act

Letter No. 1742 dated 12th July 1935 from Chamber to the Government of Bombay, General Department.

As you are aware the Committee of my Chamber have always been in favour of securing uniformity of weights and measures and have supported the introduction of this Act. But it appears that the manner in which it is proposed to secure this result is exercising considerable and legitimate discontent and my Committee would, therefore, request that the Rules for securing effective results under this Act should be reconsidered in consultation with the trade and wherever they are found to be impracticable or wherever they are framed without knowledge of the existing practices prevalent in the trade, they should be modified.

My Committee have received a copy of a representation addressed to the Government on this subject by about twenty associations primarily concerned in the matter. They are also informed that the said representation has also the support of many other trades which have not got organised associations.

My Committee feel that the success of this measure depends on the willing co-operation of the bulk of the traders who are interested in securing the full integrity of weights and measures used and the Rules which are intended to penalise *mala fide* merchants should not be such, nor should they be administered in such a manner, as to interfere in the legitimate pursuit of trade by the commercial community. My Committee strongly recommend that the Inspectors should be selected carefully from higher grade and should be men of tried reliability and that the process of inspection, at all events, during the first year of the operation of this Act, be carried on as far as possible,

through the associations concerned and in the presence of reputable merchants belonging to the associations so as to eliminate the possibility of venal inspectors creating a reign of terror in business circle.

Similarly, my Committee¹ feel that the objection of the commercial community in regard to the shape and suitability of the weights is one which, it would be unwise for Government to ignore. It is not yet too late to meet the demands of the trade in these directions.

With reference to the allowance on weights, it is the conviction of my Committee that existing practices in the trade should be upheld and continued. Likewise the objection of the associations to the Stamping charges seems to be one which cannot be brushed aside. My Committee would recommend to Government, not merely to seek any profit on the Stamping of weights, but, if necessary, to undertake to stamp them free of charge; at any rate, to charge the merchants only the absolute minimum out of pocket. Calling on the trade to change all the weights and measures is going to impose a heavy initial burden on them and on the top of such a burden, if the Stamping charges are put on an exorbitant scale, it would only create very legitimate but very acute discontent.

In view of the difficulties, which they consider real, my Committee invite the Hon'ble Minister-in-charge or his Deputy who may be attending to this subject to come to the Chamber and to meet representatives of the trade and to go with them to the places where the trade is carried on and to examine for himself whether the difficulties pointed out by these responsible Associations are real and what practical measures would be necessary to meet them. My Committee are convinced that such an examination, at a very early date, would suggest a few changes in the Rules so as to make them acceptable to the trade and would secure their co-operation in the introduction of the measure and in the fulfilment of the object the Legislature had in view.

APPENDIX 73

**Record of the Deputation of Bombay Merchants regarding
Weights and Measures Act**

A deputation of merchants consisting of the following gentlemen was received by the Honourable Sir Shah Nawaz Bhutto, Kt., Minister of Local Self-Government, at 1-30 P.M., on Saturday the 20th July 1935 in the Committee Room of the Council Hall, Poona:—

Mr. L. R. Tairsee, M.L.C. (Indian Merchants' Chamber);

Mr. Mathradas Canjee Matani (Rice Merchants' Association);

Mr. Rattansey Hirji, J.P. (Vice-President, Grain Merchants' Association);

Mr. Khimjee Shamjee (Grain Merchants' Association—Measures);

Mr. Darasha Pestonji Tata (Bombay Kariana Merchants' Association);

Mr. Gambhirschand Umedchand Shah (Modi Bazar Kariana Association);

Mr. Khimji Madan Bhujpuria (President, Bombay Grain Dealers' Association);

Mr. Amthalal Vithaldas (Sugar Merchants' Association);

Mr. G. N. Bernal (Secretary, Grain Merchants' Association);

Mr. Ebrahim Muda Mahomedbhoy (Scales and Measures Association);

Mr. Laxmidas M. Shrikant (Dohad, Panch Mahals);

Mr. M. H. Mehta, M.L.C. (Panch Mahals); and

Mr. Dawoodibhai Lukmanji.

Mr. H. K. Kirpalani, I.C.S., Secretary to Government, General Department, and Mr. P. B. Advani, Director of Industries, were present.

MR. L. R. TAIRSEE (Indian Merchants' Chamber) : Sir, on behalf of the Indian Merchants' Chamber and the associations whose representatives are present here, I have to thank you for readily agreeing to receive the deputation this afternoon. You will see from the associations they represent that they are a substantial and weighty body. What we have to say as the Indian Merchants' Chamber has been communicated in our representation to you. As the other associations are directly interested in the matter, I think it is much better that they put their case before you.

MR. MATANI (Rice Merchants' Association) : Sir, what we have to say as a united body we have said in our Association's representation. At the outset, our Association agree with the principle of the Act and do not dispute the right of Government to have uniform weights and measures and to see that they are correctly used. But this is a new Act, and, without any previous experience, so far as we can go through the Rules, we feel there are some difficulties which the merchants will have to experience, and these we will try to put before you this evening. This Act, as framed, is sought to be applied uniformly to all the trades. There is a difference that is sought to be made only for precious metals. There are three kinds of grades, and we are all out in the general or third grade. But there are differences between trades and trades, wholesalers and wholesaleres, wholesalers and retailers, and retailers and retailers. We mostly represent the wholesale trade. What Government are seeking to do the associations by themselves have been doing since they were established. The associations see that the right weights and right measures are used; they also fix the allowances. Everything that is proposed in the law the associations are doing by themselves, although not in the exact language of the law. What the associations now fear in the working of this statute

is this. We have nothing to complain about higher officials. We have got nothing but encouragement from Mr. Advani whenever we have sought his advice. Anyhow, this Act is to be administered by inspectors and by officers who are ill-paid. We know there are inspectors and inspectors, and with all apologies to our Municipal Commissioner, we have a very bad experience of municipal inspectors in Bombay, where all the petty traders have been put to harassment. What we the merchants fear is that we will be put in the same category and some of us, by the interpretations and interference of petty inspectors, will be put not only to inconvenience but also to much loss. Therefore, what I would urge upon you is this. We are doing practically what the Act proposes. These 40 or 50 years there has not been a single complaint against us, either that we have cheated any merchant by use of short weight or anything of the kind. The representatives of the Grain Dealers' Association are here. Their purchasers are a very enlightened body, the European merchants. They have seen those merchants themselves and the merchants are very willing if they are allowed to administer the weights and measures as they have been doing upto now. Those people are the last people who like to be cheated. I represent the Rice Merchants' Association and my friend Mr. Bhujpuria represents the Grain Dealers' Association. My Association is the seller and his is the purchaser. He will also testify that there is no complaint against the merchants of my Association and the administration of weights and measures as done by our Association has quite satisfied our customers. So what we would urge upon you is this. Instead of using Government agency for the administration of the Act, and allowing petty dealers to have their vengeance against big merchants and introducing disunion among merchants where there is now peace and tranquillity, you should allow the merchants themselves through their associations to administer the Act. Under section 40 Government has power to exempt wholesalers and associations from the operation of the Act. What we want is that so long as there is no complaint against us, and so long as we administer the

weights and measures by ourselves, Government should allow us to go on as we have been going on. Government can exercise their discretion under section 40 and exempt us from the operation of the Act. Well, this is what we really want. If you agree to this, I do not think that it will be necessary to go seriatim into the shortcomings that have been found in the Rules. But if you want me to do that, I will just refer to the representations that the merchants have made and state how the merchants will be harassed and in what directions we seek Government's help.

Now, I have spoken at length about inspectors. We do not want those inspectors; we want our Associations to be allowed to manage their affairs as they have been doing. We have satisfied our customers who are intelligent people, and there is no complaint against us. We do not want the inspectors. If, however, Government are not ready to accede to our just request, a difference ought to be made between inspectors who have to deal with the wholesalers and inspectors who have to deal with petty merchants. The inspector has to visit these emporiums or these business places in two cases. The first is when he has to verify. That is very simple. He has to give us previous notice and we will be there in order to see that correct weights and measures are used. But he will also give surprise visits. There is the rub. There, we fear, merchants will be put to petty harassments by these officers. If Government are not pleased to give us, at least as an experiment, exemption under section 46, Government should see that the inspector, before he visits any merchants who are members of our Association,—of course he cannot give us the names whose premises he intends to visit,—at least he takes one of the officers of the association and visits the places of business in company with the officer of the association. Then, the inspector will see that there is a third responsible party representing an association, who will not allow him to make mischief and who will not allow him to make underhand profits. Inspection is an evil anyhow, but if we have to put up with it, this is some relief from that evil.

With respect to the shape of the weights, from the Rules you will see that there are two different shapes which are sought to be enforced, one for lbs. and cwts. and the other for seers and maunds. Of course, they ought to be distinguishable; we do not say they ought not to be distinguishable. We, wholesalers, do not use seers and maunds; we generally use the lb. and the cwt., as it is wanted in the Act; we do not use the maunds, either Indian or European. We have not much to lose. But our grievance is this. We have been using a certain shape that has been very convenient for us. But now a different shape is sought to be imposed upon us by the Rules. Mr. Advani has personally seen how our goods are weighed. Our weights are round in shape and they have a ring attached to them. We want to adhere to that shape. For the maunds Government might put the shape as proposed in the Rules. We are not much concerned about it. The other merchants might speak about it. We as wholesalers shall be quite satisfied if we are allowed to use our present shape, because it is very convenient.

MR. ADVANI: Presumably, your chief desire is to have the ring.

MR. MATANI: As it is now; also the round shape.

MR. ADVANI: I do not see how inconvenience arises whether the thing is round or square. Will you not be satisfied if there is a ring?

MR. MATANI: A round thing is very easy to handle. We have to deal in hundreds and thousands of bags. Round things are easily taken away; if they are square in shape we have to lift the whole weight.

MR. ADVANI: If you will excuse my saying it. I saw them lifting the thing; they did not roll it. The ring was the principal thing. The question of shape whether it is round or square, did not play any actual part in the

weightment. I am sorry to say that; but that is the observation I have to make. The ring helps your men to lift it.

MR. GAMBHIRCHAND UMEDCHAND: From a scientific point of view, it will be better with the round shape. There is the question of fulcrum and equilibrium.

MR. ADVANI: I saw your men at work. The question of shape did not affect their work at all. They never touched the weight itself one way or the other. All they did was they lifted the weight by the ring and put it away.

MR. TAIRSEE: We will discuss these details later. Otherwise, it will be an endless affair.

MR. MATANI: The second point is in regard to the charges proposed to be levied for verifying and stamping the weights and measures. We are of opinion that the seed and rice merchants will be put to great expense owing to these charges. My friend Mr. Bhujpuria has prepared another scale, and he will give it to you. It will show you how the rates proposed by Government are excessive.

What we want is that there ought to be no charge levied for that work in the beginning at least. We know that these are difficult times and Government may not accede to our request. But I may point out that the depression has hit the merchants harder than it has hit the Government. Anyhow, if the Government says that it cannot do without some sort of levy, a nominal charge, not for the first verification and stamping, but for renewal thereof after two years, as provided for by the rules, may be levied.

The third point is connected with the question of the fixing of the margin of error, what we call *chhoot*. Our

complaint is that the margin of error is put too low in the rules. Accuracy is sought to be acquired without regard to expense and without regard to convenience. For instance, we the rice merchants sell not bags, but tons of rice. A pound of rice, to us, costs half an anna.

Every trade and every association has its margin of error fixed. Our buyers are quite willing to purchase the articles from us on the basis of the margin fixed by us. For instance, the Rice Merchants' Association has fixed 7 tolas for 18 maunds, that is $4\frac{1}{2}$ cwt. The Grain and Seeds Merchants' Association has fixed 5 tolas for the same weight, because seeds are a bit dearer than rice. This margin of error is fixed according to the value of the different articles dealt in. We believe that, if the different associations are allowed to frame their own rules on this point, that will meet the case. I am just reminded that our present weightment system goes in favour of our buyers. There is a rule in the wholesale trade, according to which we give our buyers, not the exact weight, but a little more. It is what we call *Namti dandi* which accounts to more than half a pound in each weightment. When there is verification by the Inspector on a scientific basis, of course, he will not take into consideration this system. Mr. Advani, you must have seen what this *Namti dandi* means. Our purchasers are put to no loss whatsoever.

As I have said in my previous remarks, our purchasers are quite satisfied with the present system. The members of the European firms are very intelligent purchasers, and they sympathise with us. They say that this new basis will be inconvenient both to ourselves as well as to themselves. The retailers are also satisfied with the way in which we give them the weightments. Therefore, all the merchants in the different trades should be allowed to make their own rules and regulations specifying the margin of error in their respective trades.

The proposed margin of error has perhaps been modelled on some European standard. But, here we are

selling raw materials, which are very cheap in India; but when they reach England, some expenditure will have been involved in transit and consequently they become dearer. Therefore, in Europe they have to be more scientific and accurate in their weighing in order to prevent any losses to the purchasers. But, here, if the same standard is to be applied to the raw materials, it will raise the prices of the raw materials and consequently result in losses to the farmers.

THE CHAIRMAN: What is the margin that we have provided for?

MR. MATANI: It is 2·4 tolas for 18 maunds, that is, 4½ cwt.

MR. ADVANI: I saw the other day that you were using 56 lbs. weights. What is the margin of error in respect of such weights? We can then compare that with our margin of error.

MR. MATANI: It depends on the value of the articles. As I told you, a pound of rice, as sold by us, worth only half an anna. Thus we cannot seek to be accurate to a tola.

MR. TAIRSEE: What he means to convey is that, the article being very cheap, the margin of error is very generously provided for.

THE CHAIRMAN: But where does the generosity start? I am myself an agriculturist and a businessman. Our maund is 80 lbs. But actually they take from us 84 lbs. So, this generosity starts from the bottom.

MR. MATANI: Our purchasers are more intelligent than we are. They impose terms upon us. From our point of view, we are generous; from yours, you are generous. We all are generous to our purchasers.

THE CHAIRMAN: What I mean is that this generosity starts from the bottom.

MR. MATANI: In every case in the world, the seller is always at a disadvantage with respect to the buyer. And we are the sellers.

The next point was the period for which the weights and measures are to be in use. Why should we be put to the expense of replacing the old weights and measures every two years, so long as they satisfy Government's requirements. There is a strong feeling in the bazar in regard to this. We will be put to unnecessary losses. And for whose benefit? Government have laid down very elaborate rules, and our Indian manufacturers will in the beginning find it very difficult to conform to these rules. The result will be that we will have to go to Avery Brothers and such other foreign manufacturers. Therefore, so long as the weights and measures answer to the specifications laid down in the Act, they should not be condemned as useless. They cost us a lot of money. I do not think that Government is anxious that we should go to foreign companies. By and by, Indian manufacturers will also know how to prepare them scientifically. In the meanwhile, the foreign companies will make their way in the Indian bazar. There will be a great demand for weights and measures, and the foreign manufacturers will impose their terms on us.

I think I have referred to all the points made in the representation. Now, as regards the Act itself, there are some difficulties with regard to the interpretation of the Act. We have sought the advice of Mr. Advani and have put our difficulties before him. This Act is very vague, and it is the High Court or the other courts which will interpret the provisions contained in it. For instance, we have our own contracts, and the weights and measures used in such contracts may not be identical with the weights and measures as they are set forth in the Act.

There are other difficulties also. The weights and measures as set forth in the Act are not quite exhaustive. Take the rice trade for example. We are selling our goods by bags—a bag of so many maunds. Instead of that we will be saying, a bag of so many maunds. That will meet your requirements. By using the word “bag,” I do not think we are infringing the law. In other trades, they might use the word “Khandi,” that is, 56 lbs. If they define what they mean by Khandi in the contract, I do not think there is any chance of any purchaser or seller being cheated. As Mr. Advani interpreted it, I think it is quite within the four corners of the Act. It is on account of such difficulties that we wanted an extension of at least 5 years, during which time Government could see whether we were conforming to the rules or not.

Again there is some doubt with regard to the use of the word “maund”; it is applied to dry measures as well as liquid measures, and in different senses. The capacity of each is quite different in both the cases. In the one, it is about 3,200 tolas; and in the other 5,100 tolas. In both the cases it is a misnomer. What the “dry” people will think is that the article is to be given by weightment. Anyhow, they will use these measures; they do not want to go to any other measure. According to you, after paili comes maund, after maund comes map. What they want is that after paili should come phara. A phara is equal to 16 pailis.

MR. ADVANI: I think you suggested 12 seers. That was a specific point which you wanted to put before the Hon'ble Minister.

MR. MATANI: No. We suggested $13\frac{1}{2}$ seers. If Government think that is rather an inconvenient figure, let it be 14. That will be nearer to the present figure.

MR. ADVANI: 12 seers is really 3 pailis and that suits you. You showed me a square measure. That was a little less than 3 pailis.

MR. MATANI : It contains nearly 3 pailis and 2 seers.

MR. ADVANI : You only want the measure to fill the bags with. If you have one with 12 seers capacity, that should be all right.

MR. TAIRSEE : I suggest that the details can be discussed with Mr. Advani in Bombay. Let us go into the essentials. That is my suggestion.

THE CHAIRMAN : Yes; these are details. Let us discuss the essential points.

MR. TAIRSEE : You can go to Mr. Advani's office and discuss all these details with him.

MR. MATANI : I must say that Mr. Advani has been very courteous and has given us a patient hearing.

Now, Mr. Rattansey is very strong on the point of the credit of his Association.

MR. RATTANSEY HIRJI (Vice-President, Grain Merchants' Association): For the last 50 years there have been no complaints against the members of any of the organised associations in Bombay regarding their weights and measures. There is absolute discipline maintained by the Associations amongst their members. Therefore, there is no necessity to institute the system of inspection by Government inspectors.

If the Act is to be applied to the members of our Associations, we should be allowed to use the weights of the shape that is now current.

As regards scales, we are using *Deshi* scales made in Kathiawar which cost us only Rs. 20 per set. The foreign scales that are prescribed by the Rules will cost Rs. 85 per set. Each merchant has to keep nearly five sets and

the cost to him, if the foreign scales are enforced, will be very high.

The enforcement of the Weights and Measures Act is not necessary in the case of merchants who have organisations of their own to control the use of weights and measures by their members. I understand that the Act is intended mainly to benefit ignorant farmers in the villages. We who are big merchants in the cities have no contact with the farmers and, therefore, there is no necessity for the application of the Act in our case.

MR. KHIMJI M. BHUJPURIA (President, Bombay Grain Dealers' Association): There are 3,500 members of our Association who are all trading in Bombay City and its suburbs. We consider that the fees prescribed for stamping are too high. According to the rates prescribed a merchant will have to pay at least Rs. 29 every two years. The outturn of a merchant per month ranges from Rs. 500 to Rs. 2,000. Having regard to the fact that the profits are very narrow, every single pie raised from the merchant will tell upon him.

We are now using maunds measured in capacity, *faras*, as they are called. We want a standard of maund in capacity. We have been using our own measures for the last 20 years, and there has not been a single complaint from the public against the members of our Association. We, therefore, request that we should be exempted from the operation of the Act.

MR. DAWOODIBHAI LUKMANJI (Scales and Weights Merchants' Association): The stamping charges prescribed are too high. A whole set of weights costs only 9 annas at present and the stamping charges prescribed are Rs. 2/9.

We have now a large stock of weights and scales which cannot be used in shops if the Act is brought into

operation. We will, therefore, suffer heavy loss in our present stock of scales and weights if we are not given time to dispose off that stock. We request that the Act should not be brought into operation for the next two years in order to give us time to dispose off our existing stock. We would also urge that it is not necessary to stamp our present stock if the Act is put into operation immediately. This will enable us to sell the stock to those who need them for household use, as scales and weights used in households are exempted from the Act.

Now, the weights are classified in three categories according to the standard of fineness required. The standard of fineness required for firewood, coal and vegetables need not be so high as for other articles. Therefore we request that a fourth class be instituted for these articles.

Under the Rules, as they are framed, a merchant whose scales and weights are condemned will have to pay verification fees twice over once for the scales and weights condemned and again for the examination of the new scales and weights that he has to bring into use. We request that a single fee only should be levied in such a case. This is what is done even at present by the Municipality. The false scale or weight is not returned to the merchant, but fresh fee is not taken for the verification of the new scales and weights.

MR. M. H. MEHTA: Our case is quite different from that of the Bombay merchants. In the Panch Mahals district, hundreds of carts come with grain, and they have to employ men for weighing and measuring it. If they are compelled to use these weights and measures, they will not be able to finish the work as rapidly as they do now. After all, how much quantity can a scale pan hold? And the scale will have to be held in hand all the time. It is very inconvenient and expensive. The poor agriculturists will be put to a lot of trouble.

MR. ADVANI: The scales are usually suspended.

MR. MEHTA: No, they usually take them like this (*demonstrates*).

THE CHAIRMAN: What is the objection to suspending the scales. They can use baskets and not iron pans for transferring the commodity.

MR. SHRIKANT: I will explain the point. I am a farmer and merchant. I come from Panch Mahals. The Bombay merchant does not deal with farmers. Panch Mahals is a very backward district not only economically but educationally as well.

The result of applying this Act to that district and to Gujerat generally has not been realised by the authorities. In the first place, if the petty vegetable sellers—they number a majority in Dohad—are compelled to purchase these costly weights and measures, if they have this Democles' Sword in the shape of the inspector hanging over them, human nature being what it is, the result will be bribery. They can bribe the inspector. They know everything. The whole burden is going to be put on the farmer's head. The Panch Mahals district is a very poor district, and the people there have to maintain themselves on as less as Rs. 3 monthly. Some have to starve. I would, therefore, request that these poor vegetable sellers should be exempted. If you cannot exempt the whole district, at least do this. The people will require some time to get themselves acquainted with the various provisions of this new reform. My humble opinion is that this enactment is of a revolutionary type. On principle, I would agree that there should be a uniform standard of weights and measures throughout the Presidency, not only for merchants, but farmers as well. I am a great supporter of that idea. But, when it comes to the question of putting them into practice, difficulties will arise. Unfortunately, the merchants did not know what the rules were.

The result now is that they are afraid, because there is provision in the rules and the Act for sending them to jail if they contravene the provisions thereof. In the districts, especially, it is so acute, that they say "we never dreamt that the rules would be framed on these lines." They are terribly afraid of them.

I support the ably drafted representation of the Bombay merchants. I support the requests made therein; but I must say that the condition in the districts is much worse.

MR. TAIRSEE : You are putting the case of the districts more strongly and in better English !

MR. SHRIKANT : I shall give you an instance. A cart contains 25 maunds of grain. The farmer or merchant sits there; and the Tolati, within two hours, finishes the job of weighing or measuring it ! He has a knack of doing it. If these heavy machines are introduced, you can imagine his condition. He will require three or four days to do the job. It will mean unemployment also, and the extra charge for the machine will be an additional burden on the farmer ultimately.

MR. TAIRSEE : You want that Panch Mahals should be exempted.

MR. SHRIKANT : I want that the small vegetable sellers at least should be exempted.

Secondly, if you cannot entrust this stamping and verification work absolutely to the recognised associations, may I request that you should entrust it to your recognised institution such as Municipalities and district local boards ? This can be done for time being at least, say five years, till the people habituate themselves to the new standard. If you give these powers to the Municipalities and local boards, you can see how the people come round and take very actively and willingly to this new reform after five years. We in

India find it impossible to be so accurate. All these scientific standards—primary, secondary and working weights and measures—are impossible to maintain just at present. If, therefore, the Municipalities and local boards are given this power and if the bench Magistrates are given powers to fine Rs. 5 or Rs. 10, things will move smoothly; and within five years we shall have prepared the ground for all these rules to be applied.

MR. MATANI : You approve of the rules as they are framed?

MR. SHRIKANT : No, I only point out a method by which the people can be educated to conform to the new reform.

MR. BHUJPURIA : (In Gujarati) expressed his opinion that the enforcement of the rules should be postponed for two years.

THE CHAIRMAN : Gentlemen, I am grateful to my friend Mr. Tairsee, who arranged this meeting and gave me an opportunity of making the acquaintance of you all. I welcome you to this Conference and I assure you that I am very glad to meet you and to understand your point of view.

I have noted down some of the important points that you have raised, though I cannot commit Government one way or the other. At least I for one wanted to be enlightened on points with regard to which you had doubts or were nervous, because when a new measure is introduced one always feels so, and also to give you my own views thereon. But I am afraid it will take more than an hour if I am to convince you of the benefits this measure would bestow on general public, but I am afraid the time does not permit. I can only assure you that we have listened carefully to your points. You should not go under the impression that Government are indifferent to people's grievances.

The Act has not been introduced with the object of harassing the people. The Act is intended to check the

malpractice of cheating. There, I think, you will agree us, that this measure is necessary. So far as Bombay is concerned, it is the brain of India; and we feel proud of it. All the same, if there are great people, if there are honest people, surely there must be some swindlers as well. The law makes no distinction between man and man. The law is common to all; whether the theft is of one rupee or a thousand rupees, it is a theft. Same principle applies to cheating. On this point, therefore, we can tell you that we cannot make a distinction between rich and poor.

MR. MATANI : But the Act provides for it.

THE CHAIRMAN : In special circumstances. If such circumstances exist, surely we have to make an allowance then. But, I say, as a general rule, we cannot make any distinction.

I can assure you that the Director of Industries will consider all these points before he submits his report, as an expert of Government. He is in Bombay, and you will have an opportunity to meet him when you like. If you are able to convince him, and he in turn is able to convince Government I for one can promise you that I shall do my very best, and wherever I find you have a real grievance, I shall persuade Government and myself bring in an amendment of the Act. But that can only be done if the grievance is found to be genuine. Otherwise, I beg of you to give full co-operation to Government and work the measure, so that the object with which this Act has been passed may be achieved.

MR. TAIRSEE : Sir, on behalf of the deputationists I thank you for giving us a patient hearing. We trust that as a result of this Conference a satisfactory result will be arrived at.

APPENDIX 74

Rules of the Stock-Exchange and Bombay Stock-Exchange reform.

Letter No. 2902-D dated 23rd September 1935 from Government of Bombay, Finance Department, to Chamber.

I am directed by the Governor in Council to invite the opinion of your Chamber to Government Notification No. 2902-D dated 23rd September 1935 on the subject mentioned above. A copy of that Notification which will be published in Part IV of the Bombay Government Gazette of 26th September 1935 is enclosed for ready reference (*not printed*).

Letter No. 2601 dated 23rd October 1935 from Chamber to Government of Bombay.

I am directed to acknowledge receipt of your letter together with the Government Notification No. 2902-D dated the 23rd September 1935 and to submit the views of my Committee on the above subject as under:—

They do not wish to make detailed suggestions with regard to the amendments, many of which appertain to the domestic arrangements of the trade. They, however, feel called upon to make some comments on the general aspect of the Rules as a whole and of the working and constitution of the Stock Exchange, which affects the interests of the general public.

Taking the working of the Exchange and the recent incidents connected therewith, my Committee feel that a more comprehensive examination of the constitution and the rules is necessary. They propose to address Government shortly on this aspect of the question. They have, therefore, not thought it necessary to examine the amendments under reference as in their opinion the whole matter needs to be reviewed thoroughly.

Letter No. 2835 dated 18th November 1935 from Chamber to Government of Bombay.

With reference to your letter No. 2902-D, dated 4th November 1935, and another letter of the 23rd September 1935, and in continuation of the letter of the Committee of this Chamber, No. 2601, dated 23rd October 1935, I am directed to send you hereby some suggestions with regard to the constitution of the Native Share and Stock Brokers' Association for consideration by Government.

Since January 1935, there have been several occasions of serious interference with normal business in the shares and securities market, to describe which the word 'crisis' has been used. When a crisis however happens often, it comes to be regarded as normal. It is surely not desirable that a market which has to deal with transactions worth crores of rupees should be subject normally to a periodicity of crises, unhinging the business, creating scares, frightening the investors, making the capital shy, and, in short, bringing about an atmosphere which is not good for the trade of the City. A market fails to discharge its normal functions, if it is closed and scrips are not or cannot be sold or bought. Such a situation, in the opinion of my Committee, calls for reform; and it is because of this that they suggest setting up of a Committee of Enquiry into the working of the Stock Exchange, so far as it relates to causes of such abnormality. It is now more than ten years since the Stock Exchange Enquiry (Atlay) Committee was appointed and submitted its report, and it is, therefore, but fair and proper, looking to the vast interests involved, that another Committee should now be set up to make recommendations and suggestions in view of the situation prevailing at present.

My Committee may be allowed to give some of the points on which reform is necessary:—

- (1) The work of the Broker and the Jobber should be separated; and every member of the Stock Exchange should have the choice of being considered either as

Broker or Jobber. It should be laid down, however, that after one has made his choice, he should not be allowed to change it every now and then.

- (2) It may be provided that every transaction involving a sale should be accompanied by the distinctive numbers of the shares that were sold.
- (3) The problem of the sub-broker has always proved to be a rather tough one. The Atlay Committee also found that problem a difficult one to handle. It is necessary that the duties and functions of the sub-broker should be carefully defined and the responsibility of the principal Broker vis-a-vis his clients should also be definitely laid down. There should be different designations and different relations for all those, who are partners or agents of the members of the Stock Exchange.
- (4) To enable a Broker to do business with the public in the forward market, a member or members of the public should be required to make payments of certain margins, and such transactions in the forward should be reported at the end of the day by each Broker, who must place certain deposits with the Board of the Stock Exchange.
- (5) There should be 12 Directors on the Board of the Stock Exchange:
 - 4 representing the Brokers;
 - 4 representing the Jobbers; and
 - 4 representing the general public (2 being nominated by Government and 2 representing Chambers of Commerce).

It is very essential that there should be these Directors to represent general interests and the commercial community, as the Stock Exchange is a market which does not affect the interests only of its

members, but of the whole of the general industries and trade. It may be laid down that the outside Directors should be required to give an undertaking not to operate on the Stock Exchange.

- (6) The settlement should be every fortnight and not every month.

My Committee hope that these suggestions will be favourably considered by Government in the interests of general trade and industries. They cannot do better than close this representation with the following remarks made by the President of the Chamber, Mr. Manu Subedar, in his speech at the last Quarterly General Meeting of the Chamber:—

“ *** Nor is the list exhaustive, but it is put forward in the earnest hope that difficulties of all sections, including the brokers and members of the Stock Exchange may be really brought out and understood and ultimately, we should have such constitution and such working of the Stock Exchange in Bombay as to eliminate these much too frequent periodical ‘crises’, and to restore to the City its fair name and good reputation for businesslike management of affairs, which happenings on the Stock Exchange during this year have tended to diminish.”

Letter No. 2902/D dated 20th November from Government of Bombay to Chamber.

I am directed to acknowledge the receipt of your letter No. 2875 dated 18th November 1935, and to state that it is receiving attention.

APPENDIX 75

Amendment of Clauses 12 and 14 of the Letters Patent of the Bombay High Court

*Letter No. 4299/2-II-B dated 23rd November 1934
from Government of Bombay, Home Department, to Chamber.*

With reference to the correspondence ending with Government letter No. 4299/2-II-B, dated the 28th June 1933, on the subject noted above, I am directed to forward herewith a copy of a letter from Government of India in the Home Department No. F.-118/34-Judicial, dated the 13th November 1934 and of its accompaniment and to request you to favour Government with the views of the Indian Merchants' Chamber, Bombay, on the suitability of the draft amendment of clauses 12 and 14 of the Letters Patent of the Bombay High Court (copy enclosed) prepared by the Government of India.

Copy of a letter No. F.-118/34/ Judicial dated 13th November 1934 from the Government of India, Home Department, to Government of Bombay, Home Department.

I am directed to refer to the correspondence ending 'with the Home Department letter No. F-736/28-Judicial, dated the 15th June 1933, on the subject noted above,
Government of Madras

in which the etc. were informed
Hon'ble Chief Justice and Judges

that the Government of India had decided that the point of difference among the several High Courts concerned as to the interpretation of clause 12 of the Letters Patent of the Madras, Bombay and Calcutta High Courts and clause 10 of those of the Rangoon High Court should be left to be decided by the Privy Council on an appeal from a judgment of a court in India. They therefore decided not to pursue the matter further then. As a result of further consideration the Government of India

have now decided that the existing uncertainty should not be allowed to continue indefinitely in view of the strong feeling on the subject amongst the commercial community in the four cities affected. As banks are much more willing to advance money on the security of land if they can take proceedings in relation to such advances in the High Courts instead of courts in the districts in which the land is situated, the point at issue is one of very considerable importance to that community, affecting, as it does, the raising of money and generally the financing of business schemes. To leave the point of difference among the several High Courts to be decided by the Privy Council in the normal course of its appellate jurisdiction might involve an indefinite prolongation of the conflict of opinion. Moreover, even if the matter were to come before the Privy Council, the Judicial Committee might decide whether the particular suit forming the subject-matter of the appeal comes within clause 12 or not without entering into a general discussion on that clause. The Government of India have therefore come to the conclusion that the conflict should be set at rest by an amendment of the Letters Patent of the four High Courts, and that the High Courts should have the wider jurisdiction which the Bombay and Madras High Courts have held that they have. The enclosed redraft of the clause in question has accordingly been prepared. Before asking the Secretary of State to move His Majesty to issue the necessary Amending Letters Patent the Government of India will be glad to be favoured with the views of the Governor in Council (together with those of the Hon'ble the Chief Justice and Judges of the High Court) on the suitability of the draft.

For the 12th* clause of the said Letters Patent the following clause shall be substituted namely:—

"12. And we do further ordain that the said High Court of Judicature at Fort William in Bengal Madras Bombay Rangoon in the exercise

*In Rangoon Letters Patent "10th".

of its ordinary original civil jurisdiction, shall be empowered to receive, try and determine:—

- (a) suits of every description if the cause of action shall have arisen wholly, within the local limits of the ordinary original jurisdiction of the said High Court, or, where the leave of the Court shall have been first obtained, if the cause of action shall have arisen partly within such limits or the Defendant or all the Defendants where there are more Defendants than one shall at the time of the commencement of the suit dwell or carry on business or personally work for gain within such limits; and
- (b) suits relating to land or other immovable property not being suits to which the provisions of sub-clause (a) apply, if such land or property shall be situated wholly or where the leave of the Court shall have been first obtained, partly, within the local limits of the ordinary original jurisdiction of the said High Court;

Provided that the said High Court shall not be empowered to receive, try or determine any suit relating to land or other immovable property situated outside British India, or any suit falling within the jurisdiction of the Small Cause Court at Calcutta (Madras, etc.)† *in which the debt or damage or value of the property sued for does not exceed one hundred rupees.*

Explanation 1.—For the purposes of this clause the following suits shall not be deemed to be suits relating to land or other immovable property, namely:—

- (1) suits for foreclosure, sale or redemption in the case of a mortgage of or charge upon immovable property,

†In the case of Rangoon the italicized words should be omitted.

- (2) suits for the partition of immovable property,
- (3) suits for specific performance,
- (4) suits for injunction,
- (5) suits for administration of the estate of a deceased person, or for administration of a Trust,
- (6) suits for recovery of money, notwithstanding that the grant of relief may involve a decision on title to immovable property."

"In the 14th[†] clause of the said Letters Patent the words 'such causes of action not being for land or other immovable property' shall be omitted."

Letter No. 302 dated 31st January 1935 from Chamber to Government of Bombay Home Department.

I am directed to refer to your letter No. 4299/2-II-B of the 23rd November 1934 and, in reply to say that my Committee approve of the amendments proposed to clauses 12 and 14 of the Letters Patent of the Bombay High Court.

The Committee of the Chamber had themselves suggested this reform as far back as October 1928 and they are glad that Government have seen their way to accept their suggestion and to proceed to make the necessary amendments.

[†]In the case of Rangoon read 12th.

APPENDIX 76

Amendment to Section 130 of the Transfer of Property Act—Regarding Assignment of Life Assurance Policies

Letter No. 6653/3-B dated 24th July 1935 from Government of Bombay, Home Department, to Chamber.

I am directed to forward herewith a copy of a letter from the Government of India in the Home Department, No. F.448/35-Judicial, dated the 5th July 1935, and of its accompaniment and to request you to favour Government with the opinion of the Indian Merchants' Chamber, Bombay, in the matter.

Copy of a letter No. F.448/35-Judicial dated 5th July 1935 from the Government of India, Home Department, to the Government of Bombay.

I am directed to forward for your information a copy of a letter from the Associated Chambers of Commerce of India, No. 384-A.C., dated the 20th October 1934, in which they suggest an amendment of section 130 of the Transfer of Property Act, 1882 (IV of 1882), on the lines of section 3 of the Policies of Assurance Act, 1867 (30 and 31 Vict. Cap. 144) so as to require a notice of assignment of a life assurance policy to be given to the Insurance Company. Under section 130 of the Act of 1882, the assignment of a life assurance policy takes effect from the date of execution of the instrument of transfer, and its validity is not dependent on the giving of notice to the insurance company. The Associated Chambers point out that a lender when making an advance on the security of such an assignment cannot, at present, obtain protection against a previous assignment of which no notice has been given to the insurance company. The Government of India are inclined to agree with the Chamber that this constitutes a

defect in the law which should be remedied. The absence of protection against previous arrangement without notice, however, affects the transfer not only of life assurance policies but of other actionable claims, and it is for consideration, therefore, whether the opportunity should not be taken to make a more general amendment of section 130 of the Transfer of Property Act, 1882, so as to bring that section into line with section 136 of the Law of Property Act, 1925 (15 Geo. V, Ch. 20).

2. The Government of India would be glad to be furnished with your views together with those of the Judicial Commissioner's Court, Sind and such (other) bodies as you may deem necessary to consult on the desirability of undertaking any legislation in the matter, and also on the form the legislation should take if considered desirable.

Copy of a letter from the Secretary, the Associated Chambers of Commerce of India, Calcutta, to the Secretary to the Government of India, Finance Department, No. 384-A.C., dated the 20th October 1934.

It has been brought to the notice of the Associated Chambers that, under the Indian Transfer of Property Act, 1882, the transferees of a life assurance policy rank in the order of the dates of the actual assignments, and that the giving of notice to the insurance office does not affect the priority of an assignment in any way. This is due to the wording of section 130 of the Act which is in reverse of the law in England where, in order to complete an assignment, written notice of the date and purport of such assignment must be given to the insurance company liable under the policy.

2. Legal opinion has been sought as to how a lender, when making an advance on the security of an assignment of a life policy, can obtain protection against a previous

assignment of which no notice has been given to the insurance company concerned, and it would appear that the only means of securing this protection is to amend section 130 of the Indian Act on the lines of section 3 of the English Life Assurance Act by making notice of assignment an essential and integral part of the agreement. Section 3 of the English Act is quoted below for ready reference:—

No assignment made after the passing of this Act of a policy of life assurance shall confer on the assignee therein named, his executors, administrators or assigns, any right to sue for the amount of such policy, or the moneys assured or secured thereby until a written notice of the date and purport of such assignment shall have been given to the Assurance Company liable under such policy at their principal place of business for the time being, or in case they have two or more principal places of business, then at some one of such principal places of business either in England or Scotland or Ireland and the date on which such notice shall be received shall regulate the priority of all claims under any assignment; and a payment *bona fide* made in respect of any policy by any Assurance Company before the date on which such notice shall have been received shall be as valid against the Assignee giving such notice as if this Act had not been passed:

3. The danger to lenders arising out of the present law in India is clearly illustrated by a recent decision of the Bombay High Court. In this case the widow of an assured person, who had borrowed money from a bank on the security of a life policy, discovered at his death an assignment in her favour made on a separate sheet of stamped paper and dated prior to the assignment to the bank. She had no knowledge of the assignment until it came to light while going through her late husband's papers. The widow then claimed the full amount of the sum assured under the policy, and her claim was held to be valid as against the second assignment to the bank.

4. It appears, therefore, that assignments of life assurance policies do not necessarily give any security, seeing that the benefits may have been previously assigned and there is no means of ascertaining whether or not such a previous assignment has been effected. In England the position is different as priority is obtained by the person who first registers the assignment with the company. Under section 3 of the English Act as quoted above, the position in England is that no assignment of a life policy is complete unless and until notice is given to the insurance company. In India, however, if an assignment in terms of section 130 of the Transfer of Property Act is effected, the benefits under the policy are absolutely transferred, and the fact that a person is in possession of a life policy in his own name does not necessarily mean that he is in a position to give a lender a title to the benefits under it.

5. The fundamental difference between the law in the two countries is that the legal right to the debt or actionable claim under the English Act passes from the date of the express notice which has to be given to the debtor, whereas under the Indian Act the transfer operates as and from the date of the execution of the assignment, and it is expressly provided that the assignment becomes effective whether notice of the assignment is given or not. Moreover it has been held that the Indian law would apply to the assignment in India of an insurance policy payable in England.

6. It will be readily appreciated by the Government of India that the position indicated above is entirely unsatisfactory from the point of view of banks and others who are in the habit of advancing monies on the security of life insurance policies. The Associated Chambers are accordingly of the opinion that an amendment of the Indian Transfer of Property Act is urgently necessary, and they would suggest that the amendment should take the form of an addition to section 130, of a proviso making notice

essential in the case of insurance policies. The Chambers are advised that such an amendment should not go beyond section 3 of the English Life Assurance Act which precludes the assignee from assigning until notice has been registered and which regulates priority of title by the order of the registered notice.

7. In the event of the Government of India agreeing, as it is hoped that they will, to amend the Indian Act in the directions already indicated herein, the Chambers presume that such amendment would be made effective only in regard to transfers of actionable claims dated subsequent to the date of the amendment of the Act. This being so, some considerable time must elapse before such an amendment would secure the safety of transferees who desired to grant loans on the security of life assurance policies, unless a proviso were contained in the amendment to secure the safety of such transferees in regard to all loans already existing, at the date of the amendment, on the security of apparently unencumbered life assurance policies.

Letter No. 2043 dated 15th August 1935 from Chamber to the Government of Bombay.

With reference to your letter No. 6653/3-B dated 24th July 1935 regarding the above, I am directed by the Committee of this Chamber to send their views hereby.

My Committee support the request made by the Associated Chambers of Commerce to amend section 130 of the Transfer of Property Act, 1882, on the lines of Section 3 of the Policies of Assurance Act, 1867 (English Act) so as to require a notice of assignment of a life assurance policy to be given to the Insurance Company.

With regard to the enquiry made by the Government of India whether the opportunity should not be taken to

make a more general amendment of Section 130 of the Transfer of Property Act, 1882, on the lines of Section 136 of the English Law of Property Act, 1925, so as to include not only transfers of life assurance policies, but of other actionable claims also, my Committee do not see the need for any such general amendment of Section 130. If the Government of India, however, have received any suggestions or representations from any quarters in that direction, my Committee would be glad to see the same before expressing any views thereon.

APPENDIX 77

Enforcement in India of decrees obtained in U.K.

Legislative Assembly Bill No. 10 of 1935.

A Bill further to amend the Code of Civil Procedure, 1908, for certain purposes.

V of 1908. Whereas it is expedient further to amend the Code of Civil Procedure, 1908, for the purposes hereinafter appearing; it is hereby enacted as follows:—

1. (1) This Act may be called the Code of Civil
Short title and commencement. Procedure (Second Amendment) Act, 1935.

(2) It shall come into force on such date as the Governor General in Council may, by notification in the Gazette of India, appoint.

2. After section 44 of the Code of Civil Procedure, 1908, the following section shall be inserted,
Insertion of new Section 44A in Act V of 1908. namely:—

Execution of decrees passed by Courts in the United Kingdom and other reciprocating territory. 44A. Where a certified copy of a decree of any of the superior Courts of the United Kingdom or any reciprocating territory has been filed in a District Court, the decree may be executed in British India as if it had been passed by the District Court.

Explanation 1.—‘Superior Courts’, with reference to the United Kingdom, means the High Court in England, the Court of Session in Scotland, the High Court in Northern Ireland, the Court of Chancery of the County Palatine of Lancaster and the Court of Chancery of the Palatine of Durham.

Explanation 2.—‘Reciprocating territory’ means any country or territory which the Governor General in Council may, from time to time, by notification in the Gazette of India, declare to be reciprocating territory for the purposes of this section; and ‘Superior Courts’ with reference to any such territory, means such Courts as may be specified in the said notification.

Statement of Objects and Reasons

On the 27th February 1924 Government introduced a Bill further to amend the Code of Civil Procedure, 1908 the object of which was to provide for the enforcement in British India of Judgments obtained in the United Kingdom and in other notified parts of His Majesty's Dominion, as part of a reciprocal arrangement the other part of which consisted of the extension to British India of the provisions of Part II of the Administration of Justice Act, 1920, under which the judgments of superior Courts in India would become enforceable in the United Kingdom. The Select Committee to which the Bill was referred expressed the opinion that the Bill would not ensure a fair measure of reciprocity. The difficulty arose from the fact that under the British Act reciprocity could only be applied to judgments of “superior courts” and most of the British

Indian Courts of unlimited civil jurisdiction would not have come within the meaning of the term "Superior Courts" as used in that Act. No amendment of the Indian Bill could have altered that position and for this reason it was decided to drop the Bill. The position has now been altered by the passing of the Foreign Judgments (Reciprocal Enforcement) Act, 1933 which provides for the extension of Part I thereof to His Majesty's Dominions outside the United Kingdom by an Order in Council, and also leaves it to the Order in Council to specify the Courts which shall be deemed as "superior" within the meaning of the Act. The Government of India have ascertained that the Lord Chancellor has no obligation to the Act being applied to all Indian Courts possessing unlimited original civil jurisdiction. This removed the obstacle which stood in the way of legislation in 1925 and the present Bill substantially embodies the provisions of the old Bill with some modifications mainly necessitated by the terms of the new English Act."

Letter No. 731 dated 13th March 1935 from Chamber to the Government of India, Legislative Department.

The Committee of my Chamber have seen the Bill to amend the Code of Civil Procedure, 1908, for certain purposes. They have also gone through the Statement of Objects and Reasons, and they approve of the principle of the Bill.

However, they trust that the undertaking given by the Lord Chancellor that there is no objection to the Act being applied to all Indian Courts possessing unlimited Original Civil Jurisdiction will be carried out.

One apprehension, however, which my Committee have is in regard to uncontested suits, i.e., suits in which a decree is passed *ex parte*, and possibly on misrepresented

facts. Indian nationals might be penalised if there was no machinery provided by which the debtor in this country could contest suits and make his position clear. This apprehension becomes real in those cases where an Indian debtor has not the means to contest suits filed in the United Kingdom. My Committee, therefore, trust that some provision will be made to protect debtors under these circumstances.

In this connection, the attention of my Committee has been drawn to the fact that reciprocal arrangements for the execution of decrees are not in operation with regard to some of the Indian States. As dealings with these States are considerable, it is a matter of great hardship to the mercantile community and they trust that the necessary negotiations will be taken in hand as early as possible, as there is no need for new legislation for this purpose.

APPENDIX 78

Registration of *Lis Pendens*

Letter No. 1165 dated 15th May 1935 from Chamber to the Government of India, Legislative Department.

The Committee of this Chamber have been considering the question of registration of *Lis Pendens* and have directed me to send their views to you hereby regarding the same.

My Committee desire to point out that the effect of Section 52 of the Transfer of Property Act, as amended by Act 20 of 1929 and Act 5 of 1930, is that a transferee of an immovable property during the pendency of a suit does not acquire any interest in the property so as to affect the rights of the parties to the suit although such a transferee may be a *bona fide* transferee for value without

notice. In Bombay where there are large transactions in immovable properties, a person, firm or corporation advancing moneys on immovable properties will not be safe if the same is the subject-matter of a litigation in any Court of British India.

Questions are particularly put to the transferor as to whether the property is subject of *Lis Pendens* or any litigation and it is only on the faith of answers to such questions that a *bona fide* transferee completes the transaction. But if the transferor gives false answers to such questions, the transferee loses his security and has no remedy in law against the transferor except that he might be prosecuted for cheating.

In order, therefore, to safeguard rights and interests of *bona fide* transferees for value without notice, it is necessary that Government should maintain a register in which all pending litigations affecting immovable properties should be registered and re-registered every five years. My Committee find a similar provision in England where such a register is maintained under the provisions of Judgments Act, 1839.

My Committee are of the opinion that in case where immovable properties are owned by Joint Hindu families several suits are sometimes filed for partition of these properties, which may not come to the knowledge of *bona fide* transferees.

My Committee, therefore, submit that the Government of India should introduce a Bill amending Section 52 of the Transfer of Property Act on the lines suggested above.

Letter No. F.381/35-Judicial dated 28th May 1935 from the Government of India, Home Department, to Chamber.

I am directed to acknowledge the receipt of your letter No. 1165 dated the 15th May 1935, on the subject noted above, and to suggest that such representations should be submitted through the Government of Bombay.

Letter No. 1357 dated 31st May 1935 from Chamber to the Government of Bombay, Political and Reforms Department.

I beg to enclose herewith a copy of the representation made by the Committee of this Chamber to the Government of India in regard to the above, for your information.

APPENDIX 79

Cotton Ginning and Pressing Factories (Bombay Amendment) Bill

Letter No. 5956-A/28 dated 26th October 1935 from Government of Bombay, Revenue Department, to Chamber.

I am directed by the Government of Bombay (Transferred Departments) to forward two copies of a Bill (not printed) to amend the Cotton Ginning and Pressing Factories Act, 1925, in its application to the Bombay Presidency, and of amendments thereto and to request that they may be favoured with the opinion of your Chamber thereon by the 10th November 1935 at the latest.

Letter No. 2690 dated 7th November 1935 from Chamber to Government of Bombay.

With reference to your letter No. 391/34-P. & R.D., dated 30th October 1935 (reminder), I am directed by the Committee of this Chamber to inform you that they

approve of the principles and objects of the Bill under reference in general. If my Committee, however, have any supplementary remarks to offer after a detailed examination of the various clauses of the Bill, they will address Government later on.

APPENDIX 80

Registration of Trade Marks

Letter No. 2517 dated 16th October 1935 from Chamber to the Government of India, Department of Industries and Labour.

I am directed by the Committee of this Chamber to address Government, regarding the necessity of having an All-India Trade Marks Registration Act, as under:—

The question of having an All-India Trade Marks Registration Act has been engaging the attention of Government and the commercial community; and the matter had been the subject of lengthy correspondence between the Central and Provincial Governments and the commercial community on more than one occasion. My Committee, however, regret to note that so far it does not seem to have attracted the serious consideration that it deserves from Government. My Committee submit that with the development and progress of industries in India, the necessity of such an Act can no longer be questioned. Whatever may have been the differences of opinion among the commercial community in the past on this question, there is at present an overwhelming consensus of commercial opinion in favour of an early legislation for registration of Trade Marks in India.

In this connection, my Committee may well review the efforts made by the commercial community for the

last several years for securing an All-India Trade Marks Registration Act. In 1926 the views of the commercial community were invited by the Director of Industries, United Provinces, on the question of having Trade Marks Registration in India, when most of the commercial bodies expressed themselves in favour of such a legislation. At the Fifth Session of the Indian Industrial and Commercial Congress held in 1927, a Resolution recommending to the Government of India the desirability of introducing legislation for registration of Trade Marks in India, was passed. In 1928, the commercial bodies were again consulted by the Government of Bombay on this question when they advocated the initiation of such a legislation by an overwhelming majority. In the same year the Federation of Indian Chambers of Commerce and Industry had also taken up the matter with the Government of India and urged the necessity of taking early action in the matter.

Last year the Committee of this Chamber once again took up the question with the Government of India emphasising the necessity for having Trade Marks Registration Act in India.

My Committee trust that Government are now sufficiently acquainted with the strength of feelings entertained by the commercial community, both Indian and European in the country on this question.

In view of the above circumstances, my Committee urge that Government will be pleased to take early steps for having Trade Marks Registration Act in India so that the legitimate and bona fide interests of Indian trade and industries may be safeguarded.

*Letter No. 0/747-Tr(I.E.R.) dated 12th December 1935
from Government of India, Commerce Department, to Chamber.*

With reference to your letter No. 2517, dated the 16th October 1935, I am directed to say that the proposal

of initiating legislation to provide for the registration of trade marks in India is already receiving the consideration of the Government of India.

APPENDIX 81.

Copy and Patent rights obtained in U.K. and their effect in India

Letter No. 1599 dated 26th June 1935 from Chamber to Government of India, Commerce Department.

I am directed by the Committee of this Chamber to draw your attention to the report published in the Press sometime back regarding a suit filed by Mrs. Bridges, widow of the late Poet-Laureate of Great Britain against one Publishing Firm in Lahore for the loss sustained by her by publication by that firm of certain poems of her late husband. Arising out of this, my Committee will be glad to be enlightened on the following points:—

1. Whether Copyrights obtained by men of literature and publicists in Great Britain and other Dominions for their works as also patents and designs obtained therein, cover India.

2. If so, whether any additional registration fees are levied by their respective Governments of the countries concerned in regard to such copyrights and patents and designs of India.

3. If such additional fees are levied, whether amounts so realised are credited to the Government of India, or are retained by Governments of those countries themselves.

My Committee will be obliged if you will kindly supply them with the above details regarding registration of

copyrights, and other exclusive privileges, and fees, if any, realised thereby, at your early convenience.

Letter No. A231 dated 5th August 1935 from the Government of India, Department of Industries and Labour, to Chamber.

With reference to your letter No. 1599, dated the 26th June 1935, to the Secretary to the Government of India; Commerce Department, I am directed to invite attention to section 1 (1) of the United Kingdom Copyright Act, 1911, under which copyright in every original literary, dramatic, musical and artistic work subsists throughout the parts of His Majesty's dominions to which that Act extends. The United Kingdom Act has been extended *mutatis mutandis* to British India (*vide* Section 3 of the Indian Copyright Act, 1914) and to certain self-governing dominions. Copyright accrues automatically and no registration of copyright or payment of fees is required.

2. With regard to your enquiry relating to patents and designs attention is invited to section 78A of the Indian Patents and Designs Act and the instructions for the guidance of the inventors and others at pages 114 and 115 of the Patent Office Handbook (fifth edition) from which it will be observed that reciprocal arrangements for the protection of patents and designs exist between British India and certain parts of His Majesty's dominions. For the grant of patents and registration of designs fees are levied by the respective Governments of the countries where protection is applied for in accordance with their own laws

Copies of the Indian Copyright Act, 1914, which includes the United Kingdom Act of 1911, and of the Patent Office Handbook which includes the Indian Patents and Designs Act, 1911, and rules issued thereunder are obtainable from

the Manager, Central Publication Branch, Civil Lines, Delhi. The price is annas 10 and annas 8 respectively.

APPENDIX 82

Piracy of registered designs—Amendment of Indian Patents and Designs Act

Letter No. 572/34-B dated 5th February 1935 from Government of Bombay, Political and Reforms Department, to Chamber.

I am directed by the Governor in Council to forward herewith a copy of Government Resolution No. 572/34, dated the 4th February 1935, and to request that you will be so good as to favour Government with the views of your Chamber not later than the 15th April 1935, on the question raised by the Government of India.

INDIAN PATENTS AND DESIGNS ACT, 1911

Proposed Amendment of—to prevent piracy of registered designs

GOVERNMENT OF BOMBAY.

POLITICAL AND REFORMS DEPARTMENT.

Resolution No. 572/34.

Bombay Castle, 4th February 1935.

Letter from the Government of India, Department of Industries and Labour, No. A93, dated the 29th January 1935.

“I am directed to say that the Government of India have in the course of the last two years received several

representations from Chambers of Commerce in India complaining of the pirating of British piecegoods designs by certain foreign manufacturers and suggesting amendments of the law to put a stop to the import of goods bearing pirated designs. The Government of India have been furnished with evidence of the prevalence of the evil, and if the law as it at present stands is inadequate to prevent the abuse, they would be prepared to consider favourably any reasonable amendment for this purpose.

"2. Some of the remedies suggested were unacceptable to the Government of India for various reasons, and the proposal now before them is that embodied in the following resolution passed by the Associated Chambers of Commerce at their meeting on the 8th January 1934:—

"This Association desires again to impress upon the Government of India the necessity of giving the Customs authorities powers under section 18 (*d*) of the Sea Customs Act to detain certain goods the designs of which are infringements of designs coming within the purview of the Indian Patents and Designs Act."

This proposal is open to no objection of principle, for it would merely extend to registered designs provisions which already apply to copyright. Moreover, while it would involve a certain amount of additional work on the Customs authorities, its enforcement would give rise to no serious practical difficulties and would probably prove fairly effective for its purpose. If it were adopted, the most convenient method of carrying it into effect would be by inserting in the Indian Patents and Designs Act, 1911, a provision on the lines of section 6 of the Indian Copyright Act, 1914.

"3. The question on which the Government of India would be glad to have the opinion of the local Government is whether it is necessary or desirable to amend the law in the manner suggested or whether the remedy already

provided by the Patents and Designs Act should be regarded as adequate. Section 53 of that Act enables the proprietor of a registered design to secure an injunction and damages upto a sum of Rs. 1,000 in respect of any one design. The Government of India understand that a number of suits have been brought under this section, particularly in Calcutta, and the smaller use made of it in the west of India is probably due to the fact that upto 1932 the Customs authorities at Bombay and Karachi read the Merchandise Marks Act as enabling them to detain goods bearing pirated designs and acted accordingly. The main difficulty in the way of a more general use of the section is that as soon as the goods pass the Customs they are liable to be cut into lengths, so that a consignment cannot be identified and piracy of designs cannot be brought home to the persons responsible. I am to request that, after consultations with organisations who may be interested, a reply may kindly be sent to this letter not later than the 15th May 1935."

*Letter No. 966 dated 15th April 1935 from Chamber to
Government of Bombay.*

With reference to your letter dated 5th February 1935, No. 5/2/34-B, on the above subject, I am directed by the Committee of this Chamber to submit hereby their views thereon.

My Committee, while approving of the principle of the proposal under reference, would like to take this opportunity of urging on Government the necessity for making a similar provision authorising the Customs authorities to take action against the importation of piecegoods from the United Kingdom with plain-ticket designs or with designs or wording which are colourable imitations of designs or wording used by Indian manufacturers. In this connection, I am to send herewith correspondence which my Committee had in the past with the Government of India on this

question and to reiterate their demand for amending the Indian Merchandise Marks Act, so as to provide for the country of origin being distinctly marked on all imported goods, including goods from the United Kingdom.

My Committee trust that in view of the importance of the matter, Government will be pleased to initiate necessary legislation on the above lines simultaneously with the proposed change requested by the Associated Chambers of India.

Copy of letter No. 501 dated 13th February 1933 from the Secretary, Indian Merchants' Chamber, Bombay, to the Secretary to the Government of India Department of Commerce, New Delhi.

"Recently the attention of my Committee has been drawn to a consignment of *Saris* imported from the United Kingdom into Calcutta without the name of manufacturers, as also without the stamp 'Made in England'. A sample of this consignment, as well as a sample of similar *Saris*, both in design and texture, manufactured locally in India, is sent under a separate registered cover for the purpose of comparative inspection by Government.

The imported stuff contains some marks in Bengali and there is absolutely nothing to show that the stuff is imported and not locally manufactured.

In this connection, my Committee beg to draw the attention of Government to Note 3 to Section 33 of the Merchandise Marks Manual, wherein it is provided that 'in particular cases, however, where there is good ground for considering that the use of such plain-ticket designs is specially designed to convey the impression of Indian origin, they should be considered to be false trade description.'

It may be pointed out that a similar case of *Dhoti* consignment occurred in 1922, to which my Committee had drawn the attention of the Collector of Customs, Bombay, and the Government of India, Department of Commerce. Both the Collector of Customs, Bombay, and Government then agreed that 'these piecegoods certainly gave the impression that the goods had been manufactured in India,' (*vide* Department letter No. 5750, dated Delhi 1st November 1922).

My Committee feel strongly that time has now come either to see that the relevant provisions of the Merchandise Marks Manual, regarding the 'false trade description', are much more vigilantly and effectively put into force, and if the same are found inadequate or ineffective, Government should immediately arm themselves with necessary powers to put a stop to the importation of such piecegoods which may give a wrong impression by virtue of their defective or insufficient marking, or the absence of any markings that the same have been locally manufactured.

My Committee will be glad to be informed about the steps Government contemplate taking in the matter.

The samples may kindly be returned after inspection."

* * * *

(2)

Copy of letter No. 332-T(2)/33 dated 25th September 1933 from the Government of India, to the Chamber.

"With reference to your letter No. 501, dated the 13th February 1933, on the subject noted above, with which you forwarded a pair of cotton *Saris*, one made in India and the other imported from the United Kingdom, I am directed to say that as explained in the letter from this Department, No. 5750, dated the 1st November 1922, the marking of the country of origin on imported goods is not

generally compulsory under the Indian Merchandise Marks Act. It is only compulsory when the trade mark or other mark on the goods would raise a suspicion that such goods were the product of some country other than that in which they were actually made.

2. The imported *Sari* has affixed to it a ticket bearing the figure of a lion with the words 'Mighty Lion' printed underneath in Bengali without a counter indication of origin. Enquiries made by the Government of India go to show, however, that the importation of *Saris* bearing similar tickets has not so far been noticed by the Customs authorities at Calcutta and it appears probable that they are imported without the tickets and that the latter are affixed after importation into this country. But assuming that the *Saris* are imported with the tickets in question, it is doubtful whether the use of English in Bengali characters on goods made in the United Kingdom can be regarded as objectionable. The illustrations in Note (2) to paragraph 33 of Merchandise Marks Manual suggest that action should be restricted to expressions definitely indicating local origin, either by association (as with slogans) or by reference to places, etc. in India. In the present case objection could more appropriately be taken to the make up and design which resemble closely those of the locally manufactured *Sari*.

The samples of *Saris* are returned herewith."

* * * *

(3)

*Copy of letter No. 2563 dated 9th, October 1933 from the
Chamber to the Government of India.*

"I am directed to acknowledge the receipt of your letter of 25th September 1933, No. 332-T(2)/33.

My Committee may be allowed to point out that this is not the first instance of its kind. Some years back, my

Committee had occasion to point out a similar instance to Government, as will be seen from the correspondence enclosed herewith. What my Committee want to point out is "that Section 10 of Indian Merchandise Marks Act is responsible for such loop-holes, as it explicitly exempts goods made in the United Kingdom from having any marks of origin. Even with regard to goods from other countries, such marks are required only when there is manifest any object of cheating or misleading regarding the country of origin. My Committee consider that such a provision is extremely defective, and that time has now come, when the section should be amended, so as to provide for all imported goods showing their country of origin. This can be secured by a small Amending Bill, which my Committee have prepared, and which is being sent herewith to you. It is hoped that Government will be pleased to approve of the suggestion of my Committee, and that they will, at the next session of the Legislative Assembly, move the Amending Bill in the Assembly."

APPENDIX 83

Rules under the Factories Act

Letter No. F.1 received on 6th December 1934 from the Commissioner of Labour, Bombay, to Chamber.

I enclose herewith a copy of the draft Factories Rules, 1935 (*not printed*) published for objections or suggestions in the Bombay Government Gazette Part I dated the 22nd November 1934, and to say that the closing date for the receipt of criticisms is 22nd February 1935.

2. A spare copy of the Rules is enclosed for your use.
-

Letter No. 478 dated 18th February 1935 from Chamber to the Commissioner of Labour, Bombay.

With further reference to your letter No. F.I/3198, without date, on the above subject, on going through the rules in question my Committee feel that there are various small industries which would be concerned with the working of these rules. They, therefore, think that efforts should be made to ascertain the views of such small industries on the same. The Government of Bombay have, however, fixed 22nd February as the last date for submission of comments. My Committee feel that the time allowed will not permit of consultations with small industries and it is, therefore, necessary that the period for submission of replies should be extended. They, therefore, request that Government would be pleased to extend the date by, at least, one month.

They would also request that they may be supplied with 50 more copies of the draft rules to enable them to circulate among the small industries referred to above and obtain their views on the same. If it is not possible to send all these copies gratis, my Committee will be glad to pay for them.

In the meanwhile, the attention of my Committee has been particularly drawn to a provision in the rules in regard to procedure in appeals. Under Section 31 (2) of the Act, while considering appeals it is provided that the Appellate Authority may, in hearing the appeal, take the aid of assessors, one of whom shall be represented by such body representing the industries concerned as the Local Government may prescribe in this behalf. In the provision made in the rules in this regard, viz., draft rule 63 (2), it is provided that "the Millowners' Associations at Bombay and Ahmedabad in the case of the Textile industry and the Chambers of Commerce, Bombay and Karachi in respect of the other industries," must be considered as the bodies empowered to appoint one of the two assessors for the

purpose. The mention therein of the Chambers of Commerce of Bombay and Karachi leaves some doubt as to whether only the two European Chambers of Commerce are meant. If this is so, my Committee would beg to protest strongly against the procedure laid down, as the exclusion of this Chamber from the privilege attached would be regarded as a slight to Indian Commerce and would take away its representation. My Committee are sure that the same is not the intention of Government, and it is, therefore, suggested that this point should be made clear in the rules.

Letter No. F.I./775 dated 20th February 1935 from the Commissioner to Chamber.

I have the honour to acknowledge receipt of your letter No. 478 dated 18th February 1935 giving your Committee's views on the above draft Rules.

Letter No. F.I./812 dated 21st February 1935 from the Commissioner to Chamber.

In continuation of my letter No. F.I./775 of the 20th instant, I have the honour to say that the new Factories Act has come into force from the 1st January 1935 and the Rules to be framed by the Local Government for enforcing the provisions of that Act have been considerably delayed already. It is therefore inadvisable to suggest to Government any extension of period for the receipt of comments on the draft Rules especially as no other body has asked for such extension. If the views of your Association are received within 14 days from the date of this letter I am prepared to forward them to Government for consideration. The views must however be received within the time stipulated above.

2. Your suggestion regarding Rule 63 (2) has been noted.

3. As regards copies of the Rules, I am forwarding herewith 30 copies which are the only ones I am able to spare.

Letter No. 663 dated 6th March 1935 from Chamber to the Commissioner.

In continuation of my letter No. 478 of the 18th February 1935 I am directed to send you hereby the following further views of my Committee on the draft Rules under the Factories Act.

In this connection my Committee have seen the views expressed by the Bombay Millowners' Association in their letter No. 292/52 of the 29th January and by the Ahmedabad Millowners' Association in their letter No. 401 of the 19th February 1935. My Committee are in general agreement with the suggestions made therein and request that Government should make the necessary changes in the draft Rules in the light of the same.

My Committee would also like to draw the attention of Government to the inadequacy of provision for redress or relief to owners and managers of factories against arbitrary, vexatious and misleading orders of the inspectors; or orders for which attempts have been made by the factory owners already to remedy the complaint; or orders which to the management appear to be impossible of being carried out as being too costly or unnecessary. The provision for appeal under Section 31 is only useful for serious matters and that procedure seems to be too costly and too far-fetched for small items on which the owners and managers of factories should have some scope for representation. My Committee, therefore, suggest that some provi-

sion should be made in the rules enabling the factory management to represent their views on such orders before a superior officer of Government.

The penalties prescribed in regard to the breach of any rules should be enforceable against any factory management only after three warnings at intervals of three weeks each have been given. It would be very hard on factory owners if they are going to be punished on the very first offence. My Committee trust that Government will be pleased to consider the various suggestions made by them and amend the rules accordingly.

Letter No. 756 dated 13th March 1935 from Chamber to the Commissioner of Labour.

In continuation of my letter of the 6th March 1935, I am directed to send you hereby the following further views received from small factory owners with whom, as mentioned in this office letter of the 18th February, my Committee were in communication in the matter.

The general feeling is that in actual practice the rules framed would be very difficult to be fully carried out by small factories. It is, therefore, requested that Government should show some indulgence in respect of such small units and should not insist on the strict enforcement of these rules.

Although the rules regarding the preservation of sanitation, viz., Rules 10 and 34 are considered to be desirable ones, it is suggested that they may not be enforced very strictly from the very beginning. Sufficient time must be allowed for the factory owners to bring about the necessary changes, as, if the rules were to be strictly enforced all of

a sudden, it would be a hardship particularly to small industries.

The period of giving notices of accidents, etc., under Rules 56 and 60 is very short. It must be possible to send the intimation by Post; and my Committee, therefore, suggest that more time should be allowed for the purpose. It often happens that accidents are sometimes at first considered to be very minor and even the factory management come to know of them only after they become serious.

Before the strict enforcement of the maintenance of all the Forms and records prescribed by the rules, Government should explain to the small factory owners the utility and the necessity of the same. Sufficient time should also be allowed to these owners to introduce these changes which, from the point of view of small factory owners, will involve much initial expenses.

Certifying Surgeons.—Arrangements should be made for increasing the number of Surgeons authorised to issue certificates in the City. Even now difficulties are experienced in getting certificates promptly and in time. There are a good number of medical practioners in the City, and my Committee feel that there will be no difficulty in increasing the number of authorised certifying Surgeons.

In conclusion, my Committee would suggest that Factory Inspectors and Officers should try to create good personal relationship with the management; they should meet them more as friends and advisors than as Officers who come to inspect or find fault with them, as otherwise the working of the Rules is bound to create a lot of heartburning.

APPENDIX 84

Mr. Bakhale's Bill regarding hours of work in shops

*Letter No. 856D dated 16th August 1935 from Secretary,
Bombay Legislative Council to Chamber.*

I have the honour to forward herewith a copy of the marginally noted Bill (*not printed*) which has been published for the purpose of eliciting opinion thereon in accordance with a motion passed at a meeting of the Legislative Council held on the 16th July 1935 and to request that you will kindly communicate to me the views, if any, of your Chamber on the provisions of the Bill before the 23rd January 1936.

Bill No. XXIII of 1934 (A Bill to prohibit the employment of children and to limit the hours of work of young persons in shops and to provide for their early closing).

Letter No. 2535 dated 17th October 1935 from Chamber to the Secretary.

With reference to your letter No. 856D dated the 16th August 1935, I am directed by the Committee of this Chamber to submit hereby their views on the above Bill.

Before my Committee discuss the provisions of the Bill, they wish to make some general observations. The author of the Bill has, it would appear, while drafting this piece of legislation, before his mind the conditions of work in a factory and most of the provisions of the Bill are analogous to the provisions in Factory legislation. My Committee feel that there is a considerable difference between conditions of work in a factory and conditions of work in commercial undertakings covered by the Bill under discussion. In the former, work is continuous and unremitting and a labourer is occupied with some work or

other for all the hours that he is in the factory. On the other hand, in shops and in other places of commercial activity, conditions of work are not so arduous and even during the hours in which the shops are kept open the workers and the assistants get lot of leisure and the work they are called upon to do, at any rate, is not continuous beginning from the hours of opening of shop to the hour of closing. In the opinion of my Committee, therefore, it is necessary to recognise the above circumstances and in deciding as to the extent of the restrictions, necessary in social interests, in the hours of work and conditions of labour in such commercial undertakings, one should not be carried away with the provisions governing conditions of work in factory.

Proceeding now with the various provisions of the Bill, my Committee are in sympathy with the first object as defined in the preamble, namely, prohibition of employment of children. They feel that they cannot support the continuous employment of children under 12 years in shops. They would welcome a measure which would prohibit such employment. At the same time, they are also conscious of the plight to which several thousands of children earning their livelihood and supporting their family budget would be reduced to, by such a general prohibition, if simultaneously some measure is not taken to give economic relief to such children. My Committee feel that this aspect of the matter has also to be considered.

The second object, namely, limiting the hours of work of young persons in shops cannot be accomplished as such, unless Government restrict the number of hours during which shops may be kept open. If the shops are allowed to be kept open longer, then attendance records will be unreliable and no machinery of inspection will be adequate to put the matter right. On the other hand, if a provision is made that retail shops should be closed at a particular time, allowing for such exceptions as eating houses, chemists and other essential services, then *ipso facto* and without

any additional provision of law, hours of work are restricted. For the excepted services such as restaurants, chemists, etc., working hours for their assistants and employees may be prescribed and their work will be carried on by shifts. My Committee consider this to be the most feasible method of limiting the hours of work of persons working in shops.

My Committee are not in a position to support at this stage, the other provisions of the Bill which require registers to be kept, which limit the number of hours of an individual employee, which require holidays to be announced, inspections to take place and many other various measures on the analogy of the Factories Act. These measures, if introduced, would entail great hardship on small shopkeepers, whose number of employees is exceedingly limited and whose equipment very small. It would entail very heavy inspection costs which it may not be possible for Government or the Bombay Municipality to incur in the present state of their finances. They feel that the system might break down through its complexities and would lead to the outcry of 'zulum' on the part of small shopkeepers on account of corruption etc. Under these circumstances, my Committee would give their support only to the clauses which restrict the employment of children and which definitely lay down the hours during which shops may be allowed to remain open.

My Committee would also recommend the closing of all shops for two full days a month and for two half days. Such periodical days and hours of complete rest are necessary both from the social and physical aspects of the shop assistants.

APPENDIX 85

Bill to abolish arrest and imprisonment for Civil debt

Letter No. 6122/3-B dated 1st March 1935 from Government of Bombay, Home Department, to Chamber.

I am directed by the Governor in Council to forward herewith a copy of Resolution of Government in this Department No. 6122/3, dated this day (*not printed*), and of its accompaniments on the subject of the Bill to amend Section 51 of the Code of Civil Procedure, 1908, and to request that you will be so good as to favour Government with the views of the Indian Merchants' Chamber on the provisions of the Bill.

Bill further to amend the Code of Civil Procedure, 1908, for certain purposes.

WHEREAS it is expedient further to amend the Code of Civil Procedure, 1908, for the purposes hereinafter appearing; it is hereby enacted as follows:—

1. This Act may be cited as the Code of Civil Procedure (Amendment) Act, 193 .
2. At the end of Section 51 of the Code of Civil Procedure, 1908 (hereinafter referred to as the said Code), there shall be added the proviso—

“Provided that execution by detention in prison shall not be ordered unless, after giving the judgment-debtor an opportunity of showing cause why he should not be committed to prison, the Court, for reasons recorded in writing, is satisfied—

- (a) that the judgment-debtor, with the object or effect of obstructing or delaying the execution of the decree,—

- (i) is likely to abscond or leave the local limits of the jurisdiction of the Court; or
- (ii) has, after the institution of the suit in which the decree was passed, transferred, concealed, or removed any part of his property, or committed any other act of bad faith in relation to his property; or
- (iii) that the judgment-debtor has, or has had since the date of the decree, the means to pay the amount of the decree or some substantial part thereof and refuses or neglects or has refused or neglected to pay the same.

Explanation.—In the calculation of the means of the judgment-debtor for the purposes of cause (b), there shall be left out of account any property which, by or under any law for the time being in force, is exempt from sale in execution of the decree.”

3. In sub-rule (1) of rule 37 in Order XXI in the First Schedule to the said Code, for the word ‘may’ there shall be substituted the word ‘shall’ and at the end of the sub-rule there shall be added the proviso—

“Provided that such notice shall not be necessary if the Court is satisfied, by affidavit or otherwise, that, with the object or effect of delaying the execution of the decree, the judgment-debtor is likely to abscond or leave the local limits of jurisdiction of the Court.”

4. Rule 40 in Order XXI in the First Schedule to the said Code together with any alterations therein or additions thereto made under section 122 of the said Code shall be repealed and in place thereof there shall be inserted the rule—

“40. (1) When a judgment-debtor appears before the Court in obedience to a notice issued under rule 37, or is brought before the Court after being arrested in execution of a decree for the payment of money, the Court shall proceed to hear the decree-holder and take all such evidence as may be produced by him in support of his application for execution, and shall then give the judgment-debtor an opportunity of showing cause why he should not be committed to the civil prison.

(2) Pending the conclusion of the inquiry under sub-rule (1) the Court may, in its discretion, order the judgment-debtor to be detained in the custody of an officer of the Court or release him on his furnishing security to the satisfaction of the Court for his appearance when required.

(3) Upon the conclusion of the inquiry under sub-rule (1) the Court may, subject to the provisions of section 51 and to the other provisions of this Code, make an order for the detention of the judgment-debtor in the civil prison and shall in that event cause him to be arrested if he is not already under arrest:

Provided that in order to give the judgment-debtor an opportunity of satisfying the decree, the Court may, before making the order of detention, leave the judgment-debtor in the custody of an officer of the Court for a period not exceeding ten days or release him on his furnishing security to the satisfaction of the Court for his appearance at the expiration of the specified period if the decree be not sooner satisfied.

(4) A judgment-debtor released under this rule may be re-arrested.

- (5) When the Court does not make an order of detention under sub-rule (2), it shall disallow the application and, if the judgment-debtor is under arrest, direct his release.''

Statement of Objects and Reasons

This Bill is the outcome of recommendations of the Royal Commission on Labour in India to the effect that in the case of industrial workers in receipt of wages less than Rs. 100 a month arrest and imprisonment for debt should be abolished except where the debtor has been proved to be both able and unwilling to pay. The Bill seeks to amend the Civil Procedure Code, 1908, so as to protect honest debtors of all-classes, and not of the industrial worker class only, from detention in a civil prison and to confine such detention to debtors proved to be recalcitrant or fraudulent. It provides *inter alia* that no order for execution by detention in prison shall be issued unless the debtor has been given opportunity of showing cause why he should not be committed to prison, and the Court is satisfied for reasons recorded in writing that (i) the debtor is likely to leave the local limits of the jurisdiction of the Court, or has after the institution of the suit fraudulently disposed of his property and (ii) that he is able to pay the amount of the decree otherwise than from protected assets.

2. The Bill applies to all judgment-debtors. After consultation with Local Governments the Government of India decided that in this matter there was no sufficient reason for restricting the protection to small debtors.

H. D. CRAIK

NEW DELHI,

The 26th January 1935.

*Letter No. 1080 dated 1st May 1935 from Chamber to
Government of Bombay.*

I am directed to refer to your letter No. 6122/3-B of the 1st March 1935 and in reply to send to you hereby the views of my Committee on the Bill to further amend the Code of Civil Procedure so as to provide for the abolition of arrest and imprisonment for debt under certain circumstances.

My Committee do not see any reason to alter the opinion expressed by them in their letter dated 23rd June 1933 addressed to the Labour Office, Bombay, copy of which is enclosed herewith for ready reference. They have every sympathy with industrial workers, whose source of livelihood might be cut off by such an arrest and they would, therefore, not mind the measure being passed confined to such workers. They, however, apprehend that the credit which these classes are at present receiving would be seriously restricted, if facilities for debt collection and threats of recourse to imprisonment are altogether destroyed. My Committee are also against all measures which would increase the cost of debt recovery and the legal process involved therein. According to the Bill under reference, one stage is added where the creditor is called upon to prove various things before he can secure a warrant. The proposal seems to be of very doubtful utility. It would interfere with the present system of credit facilities and thus might actually do harm to those, whom the Bill is intended to benefit.

My Committee feel that this matter should be gone into more thoroughly and the introduction of legislation except in regard to industrial workers should be postponed until responsible parties have had an opportunity of examining the question in all its aspects and expressing their views in detail. My Committee are not aware of any serious complaint on the part of debtors against the present legal procedure and they do not see sufficient reason to have it changed in a hurry by means of the above Bill.

Even if the legislation restricted to Industrial workers is proceeded with, my Committee feel that the definition of such workers should be laid down with some care and the privileges intended to be conferred by the measure should be confined only to those actually engaged in factories.

Copy of letter No. 1748 dated 23rd June 1933 from Chamber to the Labour Office, Bombay.

"I am directed by the Committee of this Chamber to acknowledge the receipt of your letter No. 1298 dated the 29th April 1933 and to send hereby the views on the subject mentioned above.

My Committee have carefully considered the question, whether arrest and imprisonment for debt, where no contumacy is proved, should be abolished either generally or for particular classes of persons, as also the recommendation of the Royal Commission on Indian Labour that so far as industrial workers in receipt of wages or salary amounting to less than Rs. 100 per month are concerned, arrest and imprisonment for debt should be abolished, except where the debtor has been proved to be both able and unwilling to pay. My Committee are not in favour of the first question, viz., abolition of arrest and imprisonment for debt where no contumacy is proved either generally or for particular classes of persons. They, however, support the second, viz., the recommendation of the Royal Commission on Indian Labour that so far as industrial workers in receipt of wages or salary amounting to less than Rs. 100 per month are concerned, arrest and imprisonment for debt should be abolished, except where the debtor has been proved to be both able and unwilling to pay."

APPENDIX 86

Exemption of Salaries from attachment

Letter No. 1440 dated 17th May 1935 from the Commissioner of Labour, Bombay, to Chamber.

I am directed by Government to forward herewith for your information a copy of the letter from the Government of India, Home Department, No. F.1217/33-Judicial, dated the 7th May 1935 together with a copy of the Bill (*not printed*) mentioned above and to request you to be so good as to furnish this office with the views of your Chamber on the provisions of the Bill in general and the points raised in paragraphs 2 and 3 of the Government of India letter in particular.

2. I am to request that your reply may kindly be sent so as to reach this office by the 10th June 1935 at the latest.

Letter No. F.1217/33-Judicial dated 7th May 1935 from the Government of India, Home Department, to the Government of Bombay.

With reference to the correspondence ending with your letter to the Department of Industries and Labour, No. 9415-B, dated the 26th April, 1933, I am directed to forward for the information of the Governor in Council, a copy of the Bill mentioned above together with an extract from the Proceedings of the Legislative Assembly of the 9th April, 1935, relating thereto. The Bill was referred to a Select Committee on that date, but the Hon'ble Home Member undertook to ascertain the opinions of local Governments, High Courts, bodies representing commercial opinion, Chambers of Commerce, Trade Associations, Bar Associations and also Peasant Associations where they exist, on the provisions of the Bill before the Select Committee meets in the next session of the Indian Legislature.

2. In the course of the debates Mr. Ghansham Singh Gupta criticised the Bill on the ground that it gives a privileged position to Government servants in comparison with other employees. As Sir Henry Craik and Mr. Clow explained in the course of the debate, the Government of India take the view that both under the present law and under the Bill the position of the Government servant is less favourable than that of the private employee. The existing provisions relating to the attachment of the pay of Government servants were introduced into the law as long ago as 1879. The exact reasons for their introduction are somewhat obscure. But the intention apparently was to give some protection to employees and particularly to Government, rather than either to the debtors or the creditors. Government at that time seem to have thought that the system would enable their officers to know of the indebtedness of Government servants and would also be in the interests of Government work by protecting debtors from frequent visits to courts. The effect of this system, which is entirely unknown in England, were clearly not foreseen. The changes in the system made by the present Bill are confined to a small change in the attachable amount and to a restriction on the period for which that amount can be continuously attached. The principle of attachment before the pay is actually become payable is maintained.

3. The Government of India will be glad to be furnished with the views of the Governor in Council on the provisions of the Bill generally and in particular on the advisability of placing all Government servants, railway employees and servants of local authorities or any particular class of such persons in the same position as private employees by making their pay attachable only after it has become payable and at the same time removing the restriction on the amount attachable. I am also to request that the opinions of the High Court and the Judicial Commissioner's Court and of such other bodies and Associations including those mentioned in paragraph 1 above as the local

Government may consider fit to consult, may also be obtained and communicated to the Government of India.

4. It is requested that the Bill and the Statement of Object and Reasons may be published in the local Gazette and that a reply to this letter may be sent by the 15th July 1935.

Letter No. 1479 dated 12th June 1935 from Chamber to Commissioner of Labour.

I am directed by the Committee of this Chamber to acknowledge the receipt of your letter No. 1440, dated 17th May 1935 regarding the above Bill, and to send hereby their views on the same.

My Committee are in favour of the principal aims and objects of the Bill as incorporated in Clause 2 thereof. They are, however, afraid that some of the remedies suggested herein to improve the condition of the workmen may tend to reduce their credit and therefore to reduce the amenities of life for them. Such a development is not what is intended by the Bill; nor what was intended by the Royal Commission on Labour. It is because of this that my Committee recommend to Government that the operation of this clause should be watched carefully, if possible in a limited area, so that in trying to remove one evil another evil may not creep in.

My Committee agree with the definition of the word 'Labourer' as workman.

My Committee are opposed to the proviso to Clause 2 (i), and suggest that it should be deleted. There is no necessity at all for setting up such a differential treatment as between Government servants and others. The proviso extends the benefits unreasonably to all Government servants, many of whom do not need it at all.

APPENDIX 87

**Bill to make provision for keeping of accounts of
agricultural debtors**

*Letter No. 1914 dated 6th June 1935 from Chamber to
Government of Bombay, Legal Department.*

The attention of the Committee of this Chamber has been drawn to a representation made by the Karachi Indian Merchants' Association to Government protesting against the above Bill for the introduction of which leave was granted to Mr. M. H. Gazdar, M.L.C., in March last. My Committee have perused the statement of objects and reasons of the Bill and think that the various allegations made therein against the creditor class are too sweeping and vague.

In the opinion of my Committee the interests of the poor agriculturists who are indebted to the village sowcar and creditor class are adequately safeguarded by the Deccan Agriculturists Relief Act and other enactments. The further provision, which is sought to be introduced in the Deccan Agriculturists Relief Act by an addition of Section 13B in the said Act by the Bill under reference, will unduly harass the creditor class without in any way benefitting the indebted agriculturists. On the contrary the creditor class, on account of this unjustified harassment, will be induced to restrict credit hitherto freely extended to the agriculturists and the latter would be the sufferers thereby. My Committee, therefore, strongly protest against the Bill under reference and request Government to be pleased to oppose the Bill in the Council.

IV.—GENERAL TRADE AND INDUSTRY

APPENDIX 88

**Interview with Mr. T. A. Stewart, the Commerce Secretary
on 2nd July 1935**

Record of the Proceedings.

Mr. Manu Subedar, President, in welcoming the Hon'ble Mr. Stewart made the following observations in regard to the various questions that the Committee wished to discuss with him.

1. Amendment of the Bombay Port Trust Act

This Chamber has urged Indianisation of higher Port Trust services generally and specifically for the appointment of an Indian Chairman of the Bombay Port Trust, for more than ten years now. The representative of the Chamber in the Bombay Legislative Council gave notice of the introduction of a Bill to amend the Act in order to secure such an appointment by Law, but sanction to the introduction of this Bill was not given by His Excellency the Governor General. The commercial community feels that, if this sanction had been given, the discussion in the Council would have indicated to Government the strength of public opinion on this subject. All the same it is possible that there are reasons for withholding this sanction, and I have to request you, on behalf of the Chamber, to mention such reasons to us, if you can. We have sent a representation on this subject, as well as on the subject of securing an Indian majority on the Board of the Trust, at different ports, and particularly in Bombay. If you can make any reassuring statement on this subject, indicating the intentions and policy of Government in this regard, we shall be much obliged.

2. Trade restrictions abroad and their repercussions on India's foreign trade

The Committee view with alarm the effects of various restrictions in the form of prohibitions, monopolies, quotas, exchange restrictions, license system, etc., imposed in various European countries during the last few years, on India's export trade. It is significant to note that most of the restrictions have been brought into operation from 1933, i.e., soon after the Ottawa Trade Agreements came into being. It is well-known that India's best customers in the sense that they bought more than they sold to India, have been Germany, France, Italy and Japan, and not Great Britain and the British Dominions. The adoption of measures hostile to Indian trade by these countries, which may be partly a protest against discrimination by India, and partly in self-protection of their exchange, has the dual effect of restricting the exports from India and displacing the Indian export trade, which was handled hitherto by Indian nationals, into the hands of the nationals of these respective countries, who are also importers and who receive more readily permission to export from India under license. The Chamber has prepared a list of various restrictions in different countries, which is being supplied to Government. It is the deliberate request of this Chamber that the problem, which has not been studied so far, should be studied. If Government have been watchful of this problem and if they have devised any measures, the Chamber would be much obliged, if they could be stated. If not, the Chamber would like to put forward for serious and immediate consideration of Government a scheme for regulation of imports and exports from India to those countries, which have adopted restrictive measures, and the natural consequences of this scheme would be a system of licenses. The object of licensing would be partly to see that current channels of trade are not disturbed, that the volume of India's export is not reduced, and, lastly, that Indian nationals engaged in this trade, who are penalised at present, should have their proper share in the import and export trade of this country.

instead of such trade passing into the hands of the nationals of Continental countries who have adopted this policy. It is inevitable that, when Government proceed further in this direction, there would be the necessity of some form of reciprocity in the benefits conferred on other nationals corresponding to the benefits, which are received by Indian nationals. This system would lay the foundations for trade treaties for which, we understand, negotiations are proceeding, but, in which so far no agreements have been reached. The Committee of the Chamber would be much obliged if they are informed in detail about the progress of these negotiations for trade treaties with different countries, such as Canada, Ireland and Italy. We also request that in all such negotiations, the status and privileges of Indian firms in those countries should also have correspondence with the status and privileges enjoyed by their firms in this country.

3. Revision of the Indian Companies' Act

You informed us last year that a Special Officer would be appointed by Government for preparing material for the revision of the Indian Companies' Act. At that time we suggested the association with such an Officer of some non-officials from Bombay, so that the material, on which Government can get the new Act enacted, would be complete and in consonance with the experience of Bombay, which has been for long the premier centre of Joint-Stock enterprise in India. But it seems that the work has been unduly lengthened out. We are not aware whether his report has been submitted to Government, but we would urge that this report should be expedited and, when submitted to Government, it should be published. We would also suggest the appointment of a Committee with a non-official Indian majority for the examination of this material in consultation with Chambers of Commerce and for making recommendations to Government on this subject. While the need for such a revision has been acknowledged, and such a revision has been affected in England six years ago, it is a pity that even obvious evils should be allowed to

continue merely because the Commerce Department is not ready. The Committee would, therefore, respectfully urge very early action in this direction.

4. Indian Insurance Legislation

Similar assurance was given by you last year to this Committee in the matter of the revision of the existing Insurance legislation. The evil in this direction is two-fold. Very large foreign insurance companies are exploiting this land. Some of these companies are unsound, with very small capitalisation. Some of them hail, not from England, but from the Colonies, and some from Germany, Italy and other countries, in which Indian insurance companies are not allowed to operate. The commercial community desire that insurance companies working in India should be sound, that only those companies hailing from countries, where similar privileges are extended to Indians, should be allowed to operate in India, and the funds collected by way of premia should remain in this country to enrich the money market of India and to be invested in Indian securities. There is also the problem of the growth of many new and small companies, in which the shareholders as well as the policyholders' interests are not adequately protected, and the responsibilities of the promoters are not properly understood or discharged. Some suggestions in these directions have been submitted to Government by us through the Federation of Indian Chamber of Commerce and Industry. Our request in this matter is similar, viz., that the report of the Special Officer should be expedited and the material collected should be sifted and examined by a Committee with a non-official majority as early as possible, to enable Government to introduce insurance legislation at an early date.

5. Amendment of the Indian Merchandise Marks Act

We had an assurance regarding the amendment of the Indian Merchandise Marks Act, but we have not yet heard of Government's intention to make the necessary amendment of this Act. This Chamber urges in particular that the

country of origin should be also declared on British goods entering India. It is also necessary to penalise the imitation of Indian names and trade marks, which enables goods imported from abroad to be passed as Indian. The necessary power should also be given to the Customs authorities to stop their entry into India.

6 Reported settlement with Maritime States in Kathiawar regarding Customs

A very important factor, which has prevented the revival of trade after depression in India, has been the diversion of trade in uneconomic channels by the activities of maritime States. In the case of some of them it was notorious that they were giving rebates. In the case of all of them, repeated complaints have been heard that the administration is slack, and goods, which should be classified and charged at a higher rate, are passed on at a lower rate. While inflicting this injury on trade, these practices also involve considerable loss of revenue to the Government of India directly or indirectly. This Chamber has, therefore, urged that, while treating equitably the claims of these States, a settlement should be reached as early as possible, which would destroy the motive for any irregularity. Stray newspaper reports mention that such agreements have been reached, but official confirmation has been hitherto lacking. The Committee would very much like to know from you the stage, at which these negotiations are, and the prospects of an early settlement in this direction. The commercial community which contributes so much to the taxes, are also interested in the terms on which such settlements have been reached. Though this is primarily a financial issue, yet its bearings on commerce are so important that we have ventured to refer to this question before you.

7. Trade Commissioners abroad

This Chamber has urged the appointment of more Trade Commissioners and the selection of Indians in these places for many years. During deficit years, the reply of

Government was that financial exigencies did not permit of more appointments. The complexity of trade and the numerous and minute regulations adopted by nearly every country abroad, have added to the urgency of this question. The Committee would like to know what further appointments are contemplated and what steps are being taken to recruit suitable Indians for this work.

8. Tariff Board Reports

* This Chamber has expressed its dissatisfaction with the constitution and the powers of the Tariff Board, and particularly with the treatment given by Government to the reports of this expert agency appointed by themselves. The Committee would like to know what changes Government propose to make in the constitution of the Tariff Board in response to public opinion and criticisms already received.

The Committee have learnt with great regret of Government's decision in the matter of Healds and Reeds and the rejection of the Tariff Board's proposals on a very slender technical ground. After all it is essential that Government should declare their policy and attitude towards new industries, which are being established in this country. If Government desire to assist them at all stages, wherever they promise ultimately to stand on their own legs, then Government's decision in the matter of Healds and Reeds would be considered by us really deplorable. Even if the issue of protection was not before the Tariff Board, the facts sifted by the Tariff Board went very far to show that the industry needed some assistance, and if such assistance were given in time, the industry could make good. If Government have power to reverse the Tariff Board's decision, they also have the power, on their own initiative, to give the protection asked for by an industry. In this case if Government had carried out the Tariff Board's recommendation, this result would have been achieved. After all, the Tariff Board took the reasonable line of suggesting a small duty on the finished article, instead of numerous modifications in duties on the raw material. The Tariff Board

was really correcting the inequality of tariffs and not going into the question of protection. The result has been that, Government have rejected the Tariff Board's suggestions, without putting forward any concrete or constructive method of securing to the industry the assistance which is essential. If Government feel that the issue should be examined on grounds other than the inequality of tariff, we would request them to ask the Tariff Board to go into it again. The number of concerns is small and the issue is simple, and we are certain that it will not take a long time, if Government still consider it of importance that the matter should be sifted by the Tariff Board and not decided upon by themselves.

With regard to the glass industry, the Committee desire to point out that reference was made to the Tariff Board in October 1931, the report was submitted in March 1932 and it has taken three years for Government to publish the report, and even after that it is deplorable that the decision is in the wrong direction. It is essential to establish certain industries on the grounds of defence and military necessity. In the case of other industries, the need for encouraging them arises from the ground that Indian materials, which are lying unused, could be utilised and Indian labour find greater scope and profits be retained in this country. The glass industry comes under the latter category, and it is a pity that views of Government are so far out of consonance with public opinion that the matter is delayed for years, and after such delay the decision is not helpful.

The Tariff Board, which is a body trusted and appointed by Government, recommended adequate protection to the industry for a period of ten years. Government have chosen even after this delay, to postpone their decision, pending development of the production of soda ash. The prospects of such productions have been envisaged more than once and several efforts have been made to produce this commodity. The expansion of the glass industry

would have given a stimulus also to the production of soda ash, instead of which, Government's decision to reduce the import duty on soda ash, while not helping the glass industry very materially, will also damp the efforts for the production of this very necessary chemical, for which India has vast and extensive raw material. The Committee urge that even now it is not too late and Government should stretch a point and give effect to the Tariff Board's recommendation in order that glass, which is of much importance in domestic and ornamental uses, could be produced in India and India could be ultimately self-sufficient with regard to this article.

The Hon'ble Mr. Stewart in reply, observed that he was very glad to meet the Committee of the Chamber. He reciprocated the sentiments expressed by the President.

1. With reference to the Bill to amend the Bombay Port Trust Act, for which permission had been refused by the Governor General he said that he could not discuss the action of the Governor General. The policy of Government with regard to Indianisation of Port Trusts was that so long as weightage was reasonably in harmony with the actual conditions of trade, Government did not consider it necessary to make any alteration in the present representation.

2. With reference to restrictions on trade in various countries abroad, Mr. Stewart said that one of the objects of his present visit to Bombay was to ascertain the views of the commercial community in Bombay with regard to this question. Government had studied this problem and were following its developments from day to day. In his opinion there was no evidence to justify the suggestion that all such measures were taken by foreign countries in consequence of the Ottawa Trade Agreement. He did not propose to comment on that Agreement as Government had promised

an opportunity for its discussion in the next Budget Session of the Legislative Assembly.

With reference to these restrictions themselves, there were two alternative methods which had been suggested as remedies: one was that of exchange clearing agreements, and the other was Compensation agreements. He was himself doubtful whether either of these methods was desirable. He would welcome any constructive scheme that might be put forward by the Chamber. He agreed that there should be, if possible, no disturbance of normal channels of trade.

3. With regard to the revision of the Indian Companies Act, Mr. Stewart informed the Committee of the Chamber that the report prepared by Mr. Sen, the Special Officer appointed by Government, was presented to Government and was receiving the personal attention of Hon'ble the Law Member. There were two ways of proceeding further with this problem: one was to appoint a Committee to examine the recommendation of the Special Officer and submit a report; or secondly, to prepare a Bill forthwith and circulate it afterwards for commercial opinion.

4. With reference to Insurance legislation the work of the Special Officer was not as yet complete.

5. With reference to amendment of the Merchandise Marks Act, Mr. Stewart repeated the assurance he gave last year to the Committee of the Chamber that the revision of this Act would also be undertaken, after the Companies' Act and the Insurance legislation were disposed of.

6. With reference to the settlement with maritime States in Kathiawar, he observed that this question primarily related to the Finance Department. He said, however, that newspaper reports were premature and that no settlements had yet been arrived at in the matter.

7. With regard to appointment of Trade Commissioners abroad, Mr. Stewart informed the Committee that the

Federation of Indian Chambers of Commerce and Industry was consulted as to the countries in which such Trade Commissioners should be appointed. The Committee replied in general terms as to the necessity and advisability of the appointment of Trade Commissioners; but it did not make any definite suggestions in the matter except in respect of Japan. He, therefore, would welcome any definite suggestions from the commercial community in this regard.

8. Coming to the question of the Tariff Board's reports, Mr. Stewart said that no change was contemplated in the constitution of the Tariff Board at present. The 'present policy' of the Government of India was the policy laid down in the Resolution adopted by the Legislative Assembly in February 1923.

The Government of India did not accept the recommendations of the Tariff Board regarding Healds and Reeds industry because the conditions laid down in the Resolution regarding discriminating protection were not fulfilled by the industry. If the industry could make out a *prima facie* case for protection, the claim would be referred to the Tariff Board.

Regarding the Glass Industry Mr. Stewart made similar remarks.

The President again thanked the Hon'ble Mr. Stewart for his interview with the Committee of the Chamber.

APPENDIX 89

Importation of Fents

*Letter No. 2031 dated 10th August 1935 from
Chamber to Government of India, Commerce Department.*

The attention of the Committee of this Chamber has been drawn to the correspondence that has passed between the Bombay Millowners' Association and the Japanese

Yarn and Piecegoods Association regarding the import of artificial Silk fents into India. Since the time the Indo-Japanese Trade Agreement was signed, my Committee have of and on addressed Government with regard to the cases that have been brought to their notice which appeared to be a breach of the Agreement on the part of the Japanese Government. The instance of the enormous increase in the import of fents into this country goes to show how a sort of a flank attack has been made on the Agreement through these imports. The Agreement with Japan was signed primarily and fundamentally to safeguard the interests of the Indian cotton textile industry which was threatened by the acute competition from Japan. The Committee of this Chamber hope that Government will not tolerate any action or policy which is virtually a breach of Agreement and which is calculated to undermine the interest of the Indian textile industry. The figures which are quoted by the Bombay Millowners' Association in their letter of the 22nd July 1935, No. 1766/98, addressed to the Government of India, are significant and speak for themselves. As recently as 1930 the import of fents into British India from Japan amounted only to 30,000 yards. They went up to 25,000,000 yards in 1934 and during this year they have gone up to 17,500,000 yards in five months only. The fent according to the Customs definition is a *bona fide* remnant of piecegoods or other fabrics not exceeding four yards in length and is interpreted by the Customs authorities in accordance with trade usage as "job lots of varying lengths and sizes not exceeding four yards, rejected on account of defective weaving or dyeing or other substantial damage."

As far as the information of my Committee goes the bulk of the goods imported as fents from Japan are really artificial silk piecegoods and artificial silk mixtures, cut into special lengths, varying from three to three and a half yards according to the width of the cloth. The very fact that all these different cut-pieces are of a definite length creates suspicion with regard to the nature and

quality of imports. The implication is that these imports of so-called fents are taking place in order to avoid the higher rate of duty levied on piecegoods from Japan and also to evade the quota laid down for the same. Whatever advantage the textile industry of this country obtained by the Agreement with Japan is being wiped out and will continue to be wiped out in future if fents continue to be imported at the rate at which they have been recently imported from Japan.

Under the circumstances, my Committee beg to urge very strongly that Government will be pleased to take immediate action with a view to check the import of these so-called fents and to lay down restrictions in very clear and systematic terms so that no attempts may be made to dump fents into India harming the indigenous industry. The action to be taken by Government may take the form of substituting the lower rate of duty on fents by the higher duties applicable to cotton or artificial silk piecegoods and changing the basis of assessment of fents. from four linear yards to two square yards.

APPENDIX 90

Allocation of quotas for cotton imports into Japan

Letter No. 2606 dated 23rd October 1935 from Chamber to the Government of India, Commerce Department.

With regard to the above matter, I am directed by the Committee of this Chamber to inform you that they have been addressed by the President, Cotton Committee, Indian Trade Association, Kobe. They have also before them on this subject the views of the East India Cotton Association and of various cotton merchants interested in the trade with Japan, who are members of this Chamber.

It appears that a move is being engineered in Japan by large Japanese interests, to allocate quotas for the import of Indian cotton. This proposal is being opposed by the Spinning Mills there, as the sponsors of the movement have stated in their representation to the Ministry of Commerce that the cotton import business leaves them no margin of profit at present, and the mills are therefore afraid, that the introduction of the quotas will eventually mean the elimination of competition amongst suppliers, which must mean higher prices payable by buyers. It is possible that nothing may come of this proposal in the immediate future, but monopolistic tendencies run rampant in Japan and sooner or later this quota arrangement will be brought into being; and unless Government and the trade in India are prepared to meet the situation with advance counter measures, shippers in India will find themselves as hopeless as they were at the time of Japanese cotton boycott in 1933, and the Indian cotton market will be entirely at the mercy of the quota holders.

The negotiations for the renewal of the Agreement are still far off, but we feel that this is a matter of sufficient importance to merit an administrative representation from the Government of India, to which we have no doubt the Japanese authorities will respond in a suitable and cordial manner, so that some relief may now be given to the Indian firms concerned, and the matter may be so arranged that, at the time of the renewal of the Indo-Japanese Agreement some assurance is elicited that there will not be a serious departure in practice directly or indirectly, which will penalise Indian interests.

APPENDIX 91

Attempts at palming off Japanese piecegoods as Indian-made goods

Letter No. 1968 dated 2nd August 1935 from Chamber to Government of India, Commerce Department.

The attention of the Committee of this Chamber has been drawn by the Indian Chamber of Commerce, Calcutta,

to the correspondence that has passed between the Mohini Mills, Ltd., Mushtia-Bazar P.O., Bengal, and the Osaka Manufacturers Association in connection with the import of piecegoods and yarn from Japan into India. Since a copy of this correspondence has already been passed on to Government by the Calcutta Chamber, I am not enclosing the same with this letter. I am directed by the Committee of this Chamber to address Government on this matter as under:—

My Committee have viewed with great concern the suggestion made by the Osaka Manufacturers Association to the Mohini Mills, Ltd., to undertake to stamp the words "Made in Japan" in such a manner that they may be easily removed.

My Committee have, time and again, brought to the notice of Government the serious defect in the Indian Merchandise Marks Act inasmuch as under this Act the importers of foreign goods are not obliged to mark the country of origin. In 1922 they had brought to the notice of the Collector of Customs, Bombay, a case of consignment of *Dhoti* into Bombay which, to all intents and purposes, gave an impression that the imported *Dhoti* was the product of one of the mills in India. Similar cases have been reported also in Calcutta and in other places.

This matter has been discussed by my Committee several times with the Hon'ble Commerce Members and the Commerce Secretaries during their periodical visits to this City and every time they (my Committee) were assured that the matter was having due consideration of Government. The latest attempt made by the Osaka Manufacturers' Association to smuggle into India Japanese piecegoods and thereafter to palm them off as Indian piecegoods calls for expeditious and effective action on the part of Government. My Committee feel that over and above making it compulsory on all foreign importers to mark countries of origin on goods imported into this country, it

should be further provided that any attempt to pass foreign goods after having been imported into India as Indian goods, would be a cognisable offence under the Indian Penal Code making the party convicted liable to a fine and/or imprisonment. My Committee are not unaware of the extreme nature of such a proposal. They are, however, of the opinion that that is the only means by which the evil of palming off of foreign goods as Indian goods could be checked. They, therefore, suggest that the relevant section of the Indian Penal Code be so amended as to include amongst cognisable offences all acts involving a fraud on the public by the passing of foreign goods as Indian.

While recommending this drastic treatment of cases, where imported goods are, by the concealment of the original mark of the country of origin, or by fresh marking of some kind, passed off as Indian goods, the Committee feel that something should also be done administratively to discourage treatment to foreign goods with a view to efface the original marks, such as repacking or individual packing, bleaching and dyeing of textiles, assembling of the parts, etc. As an ultimate test for this, Government will have to fix a percentage involving a compulsory declaration that, wherever "Made in India" is put, or the goods are sold as Swadeshi not less than 75 per cent of the value or some substantial part is represented by Indian material and labour. Such a declaration, the Committee feel, should be elicited in the first instance on all purchases of the Indian Stores Department, where, it is understood, that goods made in India are not merely preferred at the same price, but a definite advantage in the price paid is given to such goods over imported goods. Where a Swadeshi emporium or shop, professing to sell goods made in India, is stocking and selling goods imported, without warning individual customers of their foreign origin, there is also a case for interference by the authorities. The Committee of the Chamber realise the complexity of the problem, but feel that the first step penalising importers and sellers of imported goods should be taken as early as

possible by attaching drastic penalties against the wrongdoers.

Letter No. 16-G(M.M.)/35 dated 6th September 1935 from Government of India, Commerce Department, to the Calcutta Indian Chamber of Commerce, copy forwarded to this Chamber.

I am directed to refer to your letter No. C-723, dated the 13th July 1935, regarding the offer made by the Osaka Manufacturers Association of Japan to the Mohini Mills Limited, Bengal, to undertake to stamp the words "Made in Japan" on their piecegoods in such a way that they may easily be removed and replaced by the name of the "Mohini Mills" and thus be passed on as of Indian manufacture.

2. I am to observe, in the first place, that the proposal of the Japanese manufacturers involves the marking of the piecegoods in question with the words "Made in Japan" and that, therefore, at the time of importation the provisions of the Merchandise Marks Act are amply fulfilled. It is no doubt true that these words would be printed in delible ink, but you are no doubt aware that all markings of piecegoods are of this nature.

3. The fraud on the public which appears to be contemplated would be committed when, after importation of the goods and deletion of the original marks, the dishonest Indian importer exposes the goods for sale with false marks indicating that they were of Indian manufacture. In such circumstances the sellers would bring themselves within the mischief of sections 480 and 482 of the Indian Penal Code and section 6 of the Merchandise Marks Act. In these circumstances, it would appear to the Government of India that the law already sufficiently provides for the punishment of the fraud.

4. I am further to say that the Government of India have noted with great satisfaction the action taken by the Mohini Mills in this matter. They venture to express the hope that this firm is far from being unique in deprecating attempts to practise a fraud which could only be carried out with the connivance of an importer in India.

APPENDIX 92

Restriction on free export of Rhino Horns from India

Letter No. 2889 dated 21st November 1935 from Chamber to the Central Board of Revenues.

The attention of the Committee of this Chamber has been drawn to the above notification regarding certificate for exporting Rhino Horns from India to foreign countries. Complaints have been received from merchants exporting this article from India because it involves considerable delay in obtaining such certificates from the local Government. It is also complained that the Central Board of Revenue have not put down any reasons for laying down this new procedure for having export certificates for Rhino Horns. In view of this, my Committee will be obliged if your Board will be pleased to enlighten them as to the reasons which prompted them to pass the above notification.

Letter No. 61(1)-Tr(I.E.R.) dated 3rd January 1936 from Government of India, Commerce Department, to Chamber.

"With reference to your letter No. 2899, dated the 21st November 1935, on the above subject, I am directed to say that owing to the high prices prevailing for rhinoceros horns there was a serious danger of this animal

becoming extinct in this country by reason of indiscriminate salughter. It was for this reason that the Finance Department (Central Revenues) Notification No. 62, dated the 25th August 1934, was issued.

2. As regards the question of the delay in the issue of export certificates I am to suggest that the matter may be referred to the local Governments concerned."

APPENDIX 93

Indian Match Industry and competition from Manufacturers in Native States

Letter No. 602 dated 27th February 1935 from Chamber to the Secretary to the Government of India, Commerce Department.

The attention of my Committee has been drawn to a representation dated the 19th January 1935 made by the Indian Match Manufacturers' Association and the Western India Match Co., Ltd., to the Government of India (Department of Industries and Labour). This question has also been discussed by my Committee from facts which were placed before them with regard to matches as well as other industries. Government must be aware of the diversities of levy on goods manufactured in British India, when they enter into Indian States, each State having a different scale. This means that goods manufactured in British India are penalised when they enter such Indian States while goods made in those States are allowed in British India absolutely free.

Such conditions are adverse to the full development of trade and normal movement of goods and require some kind of regulation.

From the point of view of the British India Taxpayer, it would appear also that there is a possibility of Indian States retaining local levies like Excise on goods which are consumed in British India. From this Chamber, views have been expressed, from time to time, relating to this subject, and similar difficulties experienced elsewhere. My Committee will be obliged if Government will inform them whether this matter is receiving their attention and whether they have so far devised any measures or taken any decisions in order to regularise affairs and to help free movement of trade.

My Committee have seen the long list of Indian States from which the import of matches into British India has been absolutely prohibited. Whether such prohibition is effective in practice is extremely doubtful. My Committee hope that Government realise that this puts the *bona fide* British Indian manufacturer on an unequal basis, apart from causing leakage of Government revenue. An early settlement of some kind, which will secure uniformity in such levies and facilitates for free movement of goods between British India and Indian States without import restrictions or prohibitions is extremely desirable.

In this connection I am sending to you herewith a copy of the relevant extract from the speech delivered by the President of the Chamber at the last Annual General Meeting dealing with the question of a Trade Settlement with Maritime States.

Extract from the speech of Mr. Manu Subedar, President of the Indian Merchants' Chamber, at the Annual General Meeting of the Chamber, held on 2nd February 1935.

Trade Settlement with Maritime States

The problem in connection with the Indian States ports is, briefly, the growth of uneconomic and subsidised ports,

the chief diversion of trade from their normal channels and the division of Customs revenue between the maritime States and British India. This is a problem which has existed in the past and which has nothing to do with the forthcoming political changes. A change in the constitution involving a federation, involves, 'prima facie' a customs union on the economic side, i.e., free movement of goods between the various units of the federation without the imposition of import or export duties. This goal as an ideal may or may not be realised in the near future, but the business community is interested in the problem being dealt with on its own merits without bringing in the federation.

In examining this issue, it must be said at once that people in British India do not wish to exploit the people of the States and, equally so, the people of the States cannot possibly desire to secure an unfair advantage from the people in British India. Since the discussion is, however, taking place in terms of administrative units, rather than of peoples, the Indian States appear to the average person in British India as historical survivals with an arrested history. While the rest of British India is made up of States that have completely disappeared, there units were allowed to exist and a certain relationship has grown up between them and British India. This relationship has been regarded in the past as indivisible from the political power exercised by the Government of India, but, recently, a new theory is being sought, viz., that the relation of the States has been with the Crown and will continue with the Crown. While the Government of every section of His Majesty's Government is carried on in the name of the Crown, it is at the hands of Ministers responsible to the electorate. In the proposed new constitution of India, it is being decided that those, who will administer the powers of the Crown, will be responsible not to the Indian electorate, but to the authorities in England set up by the British electorate. I would not have brought in this political constitutional discussion here, had I not realised that,

largely, the difficulties in a fair settlement between Indian maritime States and British India have been due to this change of angle. History abounds with instances of economic injustice to States in India at the hands of the British Government. While we desire that full justice should be done to their interests, we ask Government in the interests of trade generally and of the people, both of British India and the States, that this question cannot be allowed to drag on year after year unsettled. Commerce in Indian State territories is cut up largely through monopolies at the hands of the States, through rebates on goods not crossing their frontier into British India, and allegations have been made of secret rebate on goods intended for consumers in British India. Indian States have levied heavy tariffs against each other. The clause permitting manufactures of Indian States to enter into British India free of duty have been seriously abused in some cases. The treatment given to imports from, and commerce of, certain States is different from the treatment given to imports from, and commerce of, certain other States. The vagaries and varieties of Customs administration in different ports, alleged to be less in comparison with ports like Bombay and Karachi, have added to the general confusion. It is a state of affairs, which benefits none so far as the business community, both of the States and of British India, is concerned. I say again that we, as a business community, do not desire any injustice to be done to any State, but we are interested in a prompt settlement. A settlement would not only remove Viramgam and minor customs barriers but would also remove numerous internal customs lines between various States which obstruct trade at present divert it into uneconomic channels. The trade pact, for which the Indian commercial community is waiting, is in this direction, and if those, who have shown such a terrific anxiety to foist an Indo-British Pact on us, had turned their mind to this question nearer home, one of the most serious impediments to the recovery and to the reversion to normal trade would have long ago disappeared. I repeat that it is the sincere desire of the commercial community that these

matters be taken out from the purview of the Political Department which is prone to sit on them for years and years, and to be handled promptly by the Economic Committee of His Excellency the Viceroy's Council as a business issue of great urgency."

APPENDIX 94

Motor Taxation and Road Development

Letter dated 22nd December 1934 from the Western India Automobile Association to Chamber.

After three years' unceasing propaganda carried out by this and other Associations in India, it is satisfactory to note that the Central Government has at last consented to introduce the Triptyque system which permits of motor vehicles being imported by visitors without payment of duty, subject to this Association providing the necessary guarantees in this connection, arrangements for which have been made in conjunction with the A.A. in England and other Automobile Associations in India.

With the introduction of the Triptyque system, India is now in line with other countries in this respect.

Another matter which has been exercising my Association for some time, is the heavy incidence of motor taxation in India, and in certain Provinces the wasteful and antiquated system of raising revenue by means of road tolls.

In India the majority of the revenue derived from motor taxation goes to Central Revenues instead of being spent on maintaining and developing roads as is done in other countries.

I have on many occasions discussed the situation with members of various Provincial Governments and there is

no question but that all Provincial Governments are most unfortunately situated in this respect, for whereas they have been made responsible for maintaining the roads, they are not provided with the revenue derived from taxation levied on the use of the motor vehicle as they most certainly should be.

With the rapid increase in motor transport during the past few years, brought about by its reliability, convenience, low cost, and door to door service, it has been found necessary in England and other countries to create a Road Fund supported by taxation derived from the use of the motor vehicle, to enable roads to be maintained and developed in accordance with their increased use.

The magnificent roads in England built with the assistance of money provided from the Road Fund have in turn encouraged the further use of motor traffic to such an extent that an assured revenue has now become available from this source which provides not only large sums for road maintenance, but in addition, about 18 million pounds Sterling per annum which is diverted to General Revenues.

In India, instead of motor taxation being used to meet road maintenance, and the cost of new roads, so that an increased revenue from this source may be derived from the increasing number of vehicles coming on to the roads, the majority of the heavy taxation imposed in the form of high import duties, and a heavy duty on petrol, is taken to swell the General Revenue of the Central Government.

It is only during the last few years that on recommendations first put forward by the Indian Roads and Transport Development Association, an additional two anna tax was imposed on petrol for the special purpose of providing revenue for road development, this sum is totally inadequate for serving the requirements of a country so large as India while it bears no comparison with the amount set aside in other countries for similar purposes.

Examining conditions in the Bombay Presidency as an example, we find that charges on the ownership, and use of a car, fall under five different categories.

1. Customs Duty on cars (and on parts, tyres, etc.).
2. Tax on petrol.
3. Driver's license fee.
4. Registration fee.
5. Municipal, Local and District Board taxes.

Examining each in turn we find that in the past 20 years motor taxation has been increased as follows:—

<i>Customs Duty on cars</i>	1914	5%
do.	1934	30% on English vehicles 37½% on foreign vehicles
<i>Petrol Tax.</i>	1914	1 anna 6 pies
do.	1934	7.5 as. Excise Duty plus. 2.5 as. Road Tax, or 10.0 as. in all.
<i>Driver's License</i>	1914	Rs. 10/-
Renewal		2/-
do.	1934	20/-
Renewal		5/-
<i>Registration charges</i> (private vehicles)-	1914	16/-
Renewal		No charge
do.	1934	40/- 32/-
<i>Municipal Tax</i>	1914	—
do.	1934	Ranging from Rs. 60/- to Rs. 160/- according to the weight of the car.

In order to obtain a fair idea of the total cost to the motorist of all these various charges levied on motor vehicles, I have endeavoured to ascertain what they would amount to if considered in the terms of a single tax on petrol, and for the purpose of these calculations, I have

assumed that the average consumption of petrol per motor owner is 30 gallons per month, or 360 gallons per year.

Reviewing the situation on this basis:

First of all there is the duty paid on the car when it enters the country. To arrive at a figure for this, we will take the average price of a car as being in the Ford or Chevrolet class say Rs. 4,000 and duty at its lowest incidence namely 30% (although the duty on the Ford or Chevrolet is 37½%).

The duty paid on a car selling at this price is approximately (based on the cost price of the car) Rs. 800 and if this initial payment is written off over a period of 6 years, import duty on the motor car costs the owner Rs. 133·33 per year.

With an average consumption of petrol per car of 30 gallons per month, or 360 gallons per year, this Customs Duty of Rs. 133·33 per year is equivalent to a tax on petrol of Rs. $\frac{133\cdot33}{360} = 5\cdot92$ as.

Tax on Petrol.—The existing Excise and Road taxes on petrol amount to a total of 10 as. per gallon. A motorist using 360 gallons per year therefore pays a petrol tax amounting to Rs. 225 per year.

Local Taxation.—In Bombay City this consists of:
Driver's License, first year Rs. 20
 subsequent years 5
 or over a period of 6 years Rs. 20 plus $5 \times 5 = \text{Rs. } 45$

Registration charges, 1st year Rs. 40
 subsequent years 32
 or over a period of 6 years Rs. 40 plus $32 \times 5 = 200$

Municipal Tax is on a sliding scale ranging from Rs. 60 in Bombay City.
 Taking an average of Rs. 100 per

car per annum this amounts over a
period of 6 years to

600

which is equivalent to

Rs. 845
Rs. 140.833
per annum

It is difficult to arrive at an estimate for tolls, if however, we take the total revenue derived from tolls levied on motor vehicles, which, I understand, amounts to Rs. 12 lacs per annum, and divide this sum by the number of vehicles registered in the Presidency, which is stated to be 20,000, we arrive at the following figure:—

$$\text{Rs. } \frac{12,00,000}{20,000} = \text{Rs. 60 per annum.}$$

Add this figure to the figure of Local Taxation given above, namely Rs. 140.833 per annum, the total amounts to Rs. 200.833 per year, Local Taxation.

With a consumption of 360 gallons per annum, this is equivalent to 8.91 as.

Summing up the situation, we find that in terms of a tax on petrol taking an average annual consumption of 360 gallons per vehicle the motorist pays.

1. Tax on petrol amounting to	10 as. per gal.
2. Duty on the car amounting to	5.92 as. „ „
3. Local Taxation amounting to	8.91 as. „ „
	24.83 as. „ „

Now let us analyse this from the point of view of the use to which the money is put.

1. *Tax on Petrol of 10 annas*

Of this amount, 7.5 as. is retained by the Central Government, and 2.5 as. is placed in a Road Fund, for the use of Provincial Governments on roads.

2. *Duty 5.92 annas.*

The whole of this is retained by the Central Government.

3. *Local Taxation 8.91 annas.*

4.4 as. goes to the Bombay Municipality who are responsible for the City roads. (This figure is arrived at by dividing Rs. 100 by 360 gallons of petrol).

The balance of 4.47 as. goes to the Bombay Government in Driver's Licenses and Registration fees.

Summarising the above, we find:

<i>The Central Government</i> receives in petrol tax		7.5 as.
do.	in duty	5.92
		13.42
<i>The Provincial Government</i> receives in petrol		
	road tax	2.5 as.
do.	Local Taxation	4.47
		6.97
<i>The Municipality</i> receives in wheel tax		4.44
	Total	24.83 as.

These figures show conclusively that motor taxation in India has been developed in a very haphazard manner, and although the revenue derived from this source is considerable, the demands of transport development have been sadly neglected.

Judging from the experience of other countries, it would seem that if the greater portion of the revenue derived from motor taxation is wisely spent on maintaining and providing good roads, a large increase in revenue will follow which then may permit of the surplus being diverted to General Revenues after taking care of the increased expenditure on roads.

A change in the present system of dealing with the situation is long overdue, and there is no doubt that both the Central Government, the Provincial Governments, and the over-taxed motorist, would ultimately be the gainers thereby, if both the Central and Provincial Governments could see their way to following the English practice of applying the major portion of the revenue provided by motor taxation, to maintaining and improving the roads, so that a greater use of motor vehicles may be encouraged, which in turn will provide larger sums of revenue arising out of the increased use of the roads.

Provincial Governments appear to be diffident about approaching the Central Government on the subject and their present method of dealing with the situation is to pile local taxation on motor vehicles until as we have seen above, the total assumes the enormous proportion of a tax equivalent to 24.83 annas per gallon, and these conditions are likely to pertain as long as the Central Government continues to absorb the larger amount of the revenue derived from motor taxation.

In the Bombay Presidency, the situation is very serious indeed, roads are being permitted to deteriorate steadily each year for lack of funds to maintain them, and eventually the cost of putting them in order will be greater than it would have been if the work had been carried out in time. In all Provinces the liability in connection with road maintenance is increasing at an alarming rate with every new car that comes on the road, and matters will get worse instead of better, because the use of motor transport is bound to increase in India, as it has done in other countries, its development being due to the acknowledged advantages offered by a door to door service, and the activities of motor manufacturers who provide the public with greatly improved vehicles each year at a lower cost.

The question of supplying the Provinces with adequate sources of revenue arising out of the use of motor cars will

have to be faced by the Central Government sooner or later, and putting off the evil day now will not help matters but will only result in increasing the taxpayer's burden later on.

To meet the situation described above, it is suggested that not less than 4 annas should be set aside for distribution to Provincial Governments' expenditure on roads. In a very few years the Central Government would reap the benefit of this policy in increased revenue from import duties, and meanwhile they would have the satisfaction of knowing that they had at last placed the Provincial Governments in a sound position to meet their increasing annual road maintenance costs.

If matters are allowed to remain as they are now, it is obvious that the increased use of motor vehicles further unbalances the present unbalanced system under which increased expenditure falls on Provincial revenues.

If it is impossible, however, for the Central Government to forego the loss of revenue they would sustain for a few years as a result of giving up a large portion of the petrol tax for road maintenance purposes now, then it is suggested they might consider increasing the Salt Tax or alternatively death duties might be introduced in India as they have been in England.

At first sight it might be considered distinctly unfair to suggest that the Excise Duty on Salt should be increased to permit of the Central Government giving up a portion of the petrol tax to Provinces for road maintenance purposes, because it will be stated the burden will then fall on the poorer classes.

I understand, however, that the charge on the consumer even if the Excise Duty is doubled, works out at only 10 pies per head per month which is less than the villager now pays for a single bus ride, and if a proper

programme of road development was introduced, financed from the revenue derived from an increase in the Salt Tax so that dustless roads could be made in the vicinity of towns and villages, the first people to benefit would be the poorer and middle classes, namely the cultivator and the agriculturist, and shop-keepers and others whose houses and shops are in the vicinity of dusty roads and dirty streets and lanes and are likely to remain so for another 100 years unless steps are taken to improve their lot.

The old adage that cleanliness is next to Godliness is generally appreciated throughout the world, and an excellent example of how the living conditions of the poorer classes can be improved by the introduction of modern dustless streets and lanes is to be found in many of the larger of the Indian States, where roads have been driven through the city quarters not for the benefit of the so-called joy-riding motorists (very few of whom exist, however, in this country) but for the purpose of providing the city-dwellers and the poorer classes with clean, broad and dustless roads.

A comparison made between the living conditions of people residing alongside these new thoroughfares with those living in the vicinity of the old and dirty lanes which they have replaced, very quickly dispels any doubt as to whether the poorer classes benefit from judicious expenditure on road improvement.

Passing along these new roads, the cleanliness of the shops and the goods for sale, especially food stuffs, is particularly noticeable and in very pleasing contrast to the dust and squalor and flies that one usually associates with the Indian bazaar, and this cleanliness must have a very beneficial effect on the health of the people.

People in India, and I include poorer classes as well, who have lived in the vicinity of dustless roads would, I feel sure, willingly pay the small sum of 10 pies per month to be free of dust if they were assured the money would

be spent for their benefit in this way, and it cannot fail to better the lot of the poor people who would get back, in increased trading, far more than they had lost by the extra charge on Salt.

It will be realised that if the poor man subscribes his mite in the form of a small increase in the Excise Duty on Salt to be utilised as described previously, it cannot fail to encourage a greater use of the roads, which in turn will increase the contribution to revenues from the motor user who at the present moment is looked upon as the rich man of the country.

It is our intension to address a letter to the Central Government on these lines very shortly, but before doing so, we would like to enquire your views and receive your constructive criticisms regarding the points raised in this letter.

Letter No. 98 dated 10th January 1935 from Chamber to the Automobile Association.

With reference to your circular letter of the 22nd December 1934, on the question of Motor Taxation and Road Development, the same was considered by my Committee and, in reply, I am directed to inform you that they are in agreement with you regarding the need for adequate attention being paid to the development of roads. They, however, cannot agree with your proposals in regard to additional taxation for providing adequate funds for road development. They have always felt that the expenditure of the Central and the Provincial Governments on the administrative machinery and other services is very high and will admit of substantial retrenchment. In their opinion, the resources for such purposes as road development and other nation-building activities should be found by retrenchment in Government expenditure and that, at any rate, there is absolutely no room for any additional

taxation. Taxes have been piled up one after the other, during the last few years, for one reason or other. My Committee emphatically feel that provision for the development of roads should not be made an excuse for imposing a new, or increasing any existing, tax.

My Committee particularly regret that an enhancement of the tax on Salt should have been suggested. The tax on the poor man's salt has always been considered by Indian public opinion as an obnoxious one, and as a matter of fact there has been an insistent demand for the reduction in, if not the total abolition of, the Excise Duty on Salt. At such a time, any proposal for its enhancement will provoke a storm of public protest, and my Committee feel that your Association will be well-advised in dropping this proposal altogether.

My Committee cannot also agree to the proposal for the imposition of death duties. As already explained above, they feel the necessary provision for road development should be made available from the existing resources of Government.

APPENDIX 95

Fire Insurance rates on Cotton for transit and Station Yard risks

*Letter No. 2273 dated 18th September 1935 from Chamber
to the Bombay Fire Insurance Association.*

The Committee of this Chamber have received from the Bombay Millowners' Association a copy of their letter No. 1970 dated the 15th August 1935 in regard to premia charged by the Bombay Insurance Companies for "All India Railway Transit" and "All India Railway Stations, Yards and Platforms, etc.," risks. From the case as presented

there, my Committee cannot but feel that there is legitimate ground for expecting a reduction, particularly when as pointed out by the Association, the risk to cotton in transit is considerably reduced.

With regard to stations, yards and platforms risks also, there does not appear to be any valid reason why the rates differ considerably between different centres in India. In any case, the greater vigilance on the part of the railway authorities now and the great yard facilities created, as compared with the pre-war position, seem to justify that your Association should carefully consider the request of the Millowners' Association and should make the concession in the rates asked for.

*Copy of letter No. 1970/180 dated 15th September 1935
from the Acting Secretary, Millowners' Association,
Bombay, to the Secretary, Bombay Fire Insurance
Association.*

"I am directed by the Committee of the Millowners' Association to address you in regard to the premia charged by the Bombay Insurance Companies for "All India Railway Transit" and "All India Railway Stations, Yards and Platforms, etc." risks. The rates at present charged appear to be:—

Transit risk	As. 64% per year.
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Station Yard risk	As. 40% per year.
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The rate for Transit risk which was about As. 48% in 1918-19 appears to have been increased to As. 96% in 1924-25, and subsequently reduced to As. 64% in 1927-28. It has been pointed out that there is no justification whatsoever for such a high rate of premium for this sort of risk. Years ago, cotton used to be loaded in open wagons, and consequently, the danger of damage by fire resulting from sparks liberated from passing engines, and theft was infinitely greater than it is today, when Railways provide closed wagons for the transport of cotton.

As regards the "Railway Yard" risk, the position is that, whatever be the reasons for charging a high rate of premium in the past, the danger of loss or damage by fire or theft has today been reduced to a minimum. The Railway authorities do not as a rule allow bales "awaiting despatch" to be stacked in the yard till wagons become available. My Committee understand that the usual practice is that the forwarding contractor first makes enquiries from the authorities as to whether wagons are available, and then carts the bales to the Yard where they are immediately loaded into the waiting wagons and sealed up. In this connection my Committee understand that the premium charged by the Madras Insurance Companies for the same type of risk is As. 12% at present.

Under the circumstances, my Committee feel that there exists a strong case for a revision of the rates at present quoted for the two types of risks mentioned above, and I am to express the hope that it will be possible for your Association to set matters right at an early date."

Letter No. 83-C dated 25th September 1935 from the Fire Association to Chamber.

I refer to your letter No. 2273 of the 18th instant and am directed to inform you that while my Committee appreciate your desire to support the Millowners' Association, they have already given careful consideration to the arguments put forward by that Body and by the East India Cotton Association.

I am directed to enclose copies of my replies to these Bodies for your information and my Committee trust that these will make this Association's position clear to you.

Copy of letter No. 83-C dated 18th September 1935 from the Fire Insurance Association to the East India Cotton Association.

I refer to your letter No. 42 of the 9th instant and am directed to inform you that the above subject received most careful consideration when the application made by the Millowners' Association was before my Committee and while sympathising with your desire to do all that is possible to increase the Cotton trade of Bombay, they much regret that they cannot see their way to reconsider the decision conveyed to the Millowners' Association.

I am further directed to point out that in bringing about an All-India rate for Cotton in Transit your aim would appear to have been furthered.

Copy of letter No. 83-C dated 30th August 1935 from the Fire Association to the Bombay Millowners' Association.

I refer to your letter No. 1970/180 dated the 15th instant and am directed to inform you that the rate for Transit risk under the Calcutta Tariff is 80 annas per cent (subject to a deduction of 15%) and that a recent review of the experience of this class of risk resulted in an increase of the rate under the Madras Association's Tariff to 64 annas per cent net.

This does not necessarily imply that claims have been heavy in respect of Madras territory. In the nature of the risk, it cannot be confined to any one Association's area and the experience must be reviewed as a whole and it therefore follows that an All-India rate is only logical.

The improvement in carriage to which you refer was recognised by this Association in 1927 by the reduction mentioned by you and when the Bombay up-country cotton Tariff was revised recently, the rates for cotton in transit were not altered, while other rates were increased by about 50 per cent all round, following extremely bad experience.

It should be borne in mind that the insurance is in the nature of a floater and the premium is not affected by the aggregate amount transported.

Any merchant who desires to insure each consignment separately may do so at a rate of one anna per cent which can hardly be regarded as excessive.

With regard to railway yards, insurance offices have met some very heavy losses and as no up-country station possesses appliances which would be of the slightest use in a cotton fire, my Committee do not favour any reduction.

Congestion of stocks is unavoidable at the height of a heavy season and in view of the comparatively small quantity of cotton handled in the Madras area it is hardly fair to quote their rate as an argument.

APPENDIX 96

Double Insurance Premium for Mills working Night Shift

(See Annual Report for 1934, Page 247).

APPENDIX 97

Workmen's Compensation for Occupational Diseases

Letter No. 2207 dated 29th June 1935 from the Commissioner of Labour, Bombay, to Chamber.

I have the honour to state that I have been directed by Government to forward for your information a copy of the Government of India, Department of Industries and Labour, letter No. L-1821 dated the 15th May 1935 on the above subject and to request you to furnish me with your views on the advisability of including all or any of

the diseases mentioned in para 3 of the Government of India letter in Schedule III of the Workmen's Compensation Act. I shall also be glad to have any information you may have regarding the incidence of these diseases among workers engaged in the various occupations with which these diseases are associated.

2. I am to request that your reply may please be sent so as to reach this office by the 1st August 1935 at the latest.

Letter No. L.-1821 dated 15th May 1935 from Government of India, Department of Industries and Labour, to Provincial Governments.

I am directed to address you regarding the Draft Convention concerning Workmen's Compensation for Occupational Diseases (Revised 1934).

2. This Convention is in partial revision of a similar Convention adopted by the Conference of 1925. Copies of Articles 1 and 2 of both Conventions are enclosed (*not printed*) for reference; the remaining Articles are formal. The Convention of 1925 was ratified by India, and the provisions of the Workmen's Compensation Act, 1923, were brought into conformity with it. The questions for determination are whether the Convention of 1934 should be ratified by India, and if not whether it is desirable to include in Schedule III of the Workmen's Compensation Act any of the diseases mentioned by Article 2 of the Convention which are not already so included,

3. The diseases mentioned in that Article and not covered by section 3 read with Schedule III of the Act are:—

- (1) Silicosis;
- (2) Arsenic Poisoning;
- (3) Poisoning by the halogen derivatives of hydrocarbons of the aliphatic series;

- (4) Pathological manifestations due to radium and other radio-active substance or to X-Rays;
- (5) Primary epithelomatous cancer of the skin.

Anthrax infection, and lead, mercury, phosphorus, and benzene poisoning are all covered by the law as it stands though in some of these cases the Convention differs slightly from the Act.

4. Special importance was attached to silicosis by the experts responsible for drafting the Convention. I am to invite the attention of the Local Government to:—

- (1) the Blue-Grey report on workmen's compensation for occupational diseases prepared for the 18th Session of the Conference;
- (2) the report of the Committee on occupational diseases at pages 639-646 of the Record of Proceedings of the 18th Session of the Conference; and
- (3) the debate on the report of the Committee at pages 295-311 of the same Record.

These documents have already been communicated to the Local Government. There is now definite evidence that silicosis occurs among workers in the Mysore Gold Mines, and some account of the investigations instituted by the Mysore Government will be found in paragraph 228 of Vol. I of the Annual Report of the Public Health Commissioner with the Government of India for 1932. The disease is associated in other countries not only with gold mining but with many common industrial processes of which sand-blasting, the manufacture of china, glass and pottery, and stone-cutting are examples. The absence of evidence of the existence of the disease in British India is probably due to failure to associate diseases of the lungs falling under the head of silicosis with particular industrial occupations. I am to request that enquiries may be made as to the incidence of the diseases of the lungs among workers engaged

in the operations mentioned above or other "dusty" trades and that the Government of India may be informed of the results. If there is evidence of the existence of silicosis in association with certain trades, its accurate diagnosis may present difficulties. The disease cannot ordinarily be definitely diagnosed except by experts equipped with radiological apparatus, and the Government of India would be glad to know whether, in the opinion of the Local Government, there are in any area sufficient facilities for the diagnosis of the disease for the purposes of workmen's compensations.

5. Whether it is decided to include silicosis in Schedule III of the Workmen's Compensation Act or not, the risk of the disease can be minimised by the use of protective apparatus. In some factories, *e.g.*, railway workshop, special measures are already taken to protect workers from the dangers incidental to sand-blasting, and it is possible that the application of suitable regulations might have a substantial effect in reducing the incidence of the disease. I am to request that this possibility may be borne in mind by the Local Government and that, if necessary, recommendations may be made for the regulation under section 33 (4) of the Factories Act, 1934, of operations which expose persons employed upon them to the risk of contracting silicosis.

6. The Government of India have no information bearing on the incidence of other diseases mentioned above and would be glad to have particulars.

Oxide of arsenic may be used as a preservative of hides, skins, and furs, and red orpiment as a depilatory in tanneries. It is possible that these substances are used in the hide and skin trade and in tanneries in India, and enquiries as to the incidence of arsenic poisoning might be made accordingly.

The most important of the halogen derivatives of the hydro-carbons of the aliphatic series is a substance known as lead tetra-ethyl or lead ethide, which is commonly mixed

with petrol. The attention of the Local Government has already been drawn to the poisonous nature of this substance, and rules to regulate its use under the Factories Act, 1934, are under consideration. The Government of India understand that the process of mixing lead tetra-ethyl with petrol is carried on at only two or three centres, and is carefully controlled by the oil companies. It is this process that is most likely to give rise to poisoning. Processes involving the manufacture of chloroform or iodoform would also require examination in this connection.

Epithelomatous cancer of the skin is associated with the handling or use of tar, pitch, bitumen, mineral oil, or paraffin, or any compound, product, or residue of these substances.

7. I am to suggest that in dealing with this part of the present reference the consideration of the subject should not be limited to workmen already brought within the Workmen's Compensation Act. Under section 2 (3) of the Act it is possible to add to Schedule II any class of persons employed in a hazardous occupation, either without qualification or in respect of specified injuries only, and the inclusion in the Schedule of any class of employees who are not now "workmen" but whose occupations expose them to the hazard of these diseases might well be considered. For example, while it is possible that none of the existing classes of "workmen" is exposed to the risk of injury from radio-active substances this is a risk to which certain employees in hospitals are exposed in other countries, and may be exposed in India. It would be possible to add a specified class, or specified classes, of hospital workers to Schedule II in respect only of injury or disease arising from the handling or use of radio-active substances.

8. I am to request that the Local Government, after such inquiries as it is in a position to make, will forward their views on the advisability of including all or any of the diseases in question in Schedule III of the Workmen's

Compensation Act. A reply may kindly be sent so as to reach the Government of India not later than the 15th September 1935.

Letter No. 1885 dated 24th July 1935 from Chamber to the Commissioner of Labour.

I am directed to acknowledge the receipt of your letter No. 2207 dated the 29th June 1935 and, in reply, to send to you the views of my Committee on the above question.

My Committee have considered this matter and they feel that the initiative in regard to labour legislation in this country should come from the demand of recognised Trade Unions and the labour people. It has already been demonstrated in the past that ratifying the Conventions and the Recommendations of the International Labour Office has placed India, in the matter of Labour Legislation, far in advance of her competitors and particularly Japan. In view of this, my Committee consider it premature that any attempt should be made in a hurry to add to the liability of the employers in India, unless and until such liabilities are added everywhere else in the world.

If, however, Government are determined that any addition should be made on the list of occupational diseases involving liability on the employers, my Committee would like to point out that it could only be done with regard to the recognised factory labour in large areas, where the services of a competent Doctor to diagnose the symptoms are available. In other words, relief could not be given either to domestic labour or to the cottage workers. It seems that the illiteracy of workers has in other cases led to serious trouble and my Committee fear that the benefit of any such relief might often go to petty lawyers, and that, while adding substantially to the burden on industry, the full benefits may not be realised by the working class themselves.

My Committee are entirely in sympathy with, and uphold, the humanitarian basis of such legislation and would be glad to support the extension of such measures, when all the other relevant considerations have been taken into account, and when proposals are framed by Government in consultation with leaders of Labour movement in India.

APPENDIX 98

Sickness Insurance Scheme

Letter No. 1521 dated 24th May 1935 from the Commissioner of Labour, Bombay to Chamber.

I am directed by Government to forward for your information a copy of the Government of India, Department of Industries and Labour, letter No. L.-3019 dated the 30th April 1935 on the above subject and to request you to be good enough (1) to furnish this office with the views of your Chamber on the points raised in paragraphs 4 and 6 of the Government of India letter and (2) to send me full details as in Enclosure 2 of any scheme involving the payment of financial benefits which are actually in operation in any of the industrial establishments known to your Chamber.

2. I am to request that your reply may kindly be sent so as to reach this office by the 15th August 1935 at the latest.

Letter No. L.-3019 dated 30th April 1935 from the Government of India, Department of Industries and Labour, to all Provincial Governments.

I am directed to address you on the subject of framing a scheme of sickness insurance for industrial workers in India.

2. The subject of sickness insurance was discussed by the Royal Commission on Labour in India at pages 265-269 of their report. The Commission held that the situation called for the exploration of all methods that might lead to the alleviation of the hardships due to the absence of an insurance scheme. They recognised that the statistical material available was insufficient, and recommended that special enquiries should be instituted at selected centres as soon as possible. These preliminary enquiries were to be conducted by the Government of India with the assistance of a small informal Committee drawn from the Central Legislature. The Committee, aided by medical, actuarial, and statistical experts would, it was thought, be able to advise as to the nature of the statistics required, the centres where they might be collected, and the means whereby they should be obtained. It was only when these preliminaries had been completed that the question of framing schemes could be examined.

3. This recommendation has been examined in consultation with the Standing Advisory Committee of the Central Legislature attached to this Department. The Committee has had the assistance of the Public Health Commissioner on the medical aspects, and in considering the form in which the statistics should be collected, the Government of India were able informally to secure the advice of the Government Actuary's Department in London. The advice given indicated that an elaborate analysis would be required, over a series of at least five years, of the experience as regards sickness and employment of a representative sample of the industrial population. The requisite statistics would have to be collected on "experience cards" to be completed for each individual worker in the sample by a large number of employers throughout the country. A copy of the form of "experience card" suggested and of the connected instructions is enclosed (enclosure 1).

4. The proposals of the Commission are not free from ambiguity. The Commission evidently had in view the

possibility of the ultimate establishment of a comprehensive scheme applicable to the workers employed in organised industry, and believed that any such scheme would have to be based upon the statistical enquiry which they recommended. But they attached great importance to actual experience and suggested "A Tentative Scheme" applicable to single establishments, which may have been designed to afford a practical test of the statistical material or may, on the other hand, have been intended for independent adoption. I am to observe that whatever the Commission intended there is in fact no reason why tentative schemes of the kind they suggested await a statistical foundation. Such schemes as are contemplated on pages 268-9 of the report can be introduced wherever medical facilities are or can be made available, provided that the employers and the workers are willing to make the necessary contributions.

5. The statistical enquiry is thus not the only possible method of approach to the problem, and, for the following reasons the Government of India doubt whether any advantage is to be gained by proceeding with it:—

- (a) The maintenance of the experience cards will be a difficult, and probably a costly task, which it will be impossible to prevail upon employers to undertake;
- (b) Even if the administrative and financial difficulties were overcome, statistical results obtained in the absence of benefits would be extremely unreliable because there would be no effective check on their accuracy;
- (c) So far as the Government of India are aware, no Local Government or large body of employers is at present likely to institute any comprehensive scheme;
- (d) Even if there were a prospect of a comprehensive scheme being undertaken, it would be a

sounder and quicker method of proceeding to institute small empirical schemes, and to build on experience rather than on theory.

6. I am to request that the Government of India may be favoured with the views of the Local Government ^{your views} on the feasibility of a statistical enquiry of the kind contemplated by the Commission, and on the alternative possibility of building on the actual experience gained in the operation of small experimental schemes. With a view to assessing the extent and value of the material already available the Government of India would be glad to receive detailed information in the form appended (Enclosure 2) (*not printed*) of any schemes actually in operation in industrial establishments which involve the payment of financial benefits. I am to request that if possible a reply to this letter may be sent by the 31st October next.

Letter No. 1597 dated 26th June 1935 from Chamber to the Commissioner of Labour.

I am directed by the Committee of this Chamber to acknowledge receipt of your above referred to letter on the question of Sickness Insurance for industrial workers in India and to submit their views on the same as under:—

In the first instance, my Committee feel that it will not be possible to ask workmen to make their contributions towards this insurance. The workman in India is still unorganised and has not realised the benefits of Trade Union organisation by making regular contributions. Until the Trade Union organisation grows, there seems to be no hope of securing any voluntary contributions from the workmen; and if it is imposed by Law, it might lead to reduction of his real wages.

With regard to contribution by employers, it is very doubtful whether industry in its present condition can bear

additional charge, and efforts may, therefore, be made indirectly to reduce the wages in any other manner, if compulsory contribution from employers is levied.

Workers are not concentrated in India in the same manner as elsewhere abroad. Sickness Insurance is not yet adopted in all industrial countries. It is more important that if such a scheme is instituted, its administration should be efficient and its operation should be beneficial to the class of workers for whom it is intended.

My Committee fully sympathise with the object of the proposal of Government and if workable schemes are forthcoming they would be glad to support these; but difficulties mentioned above seem to be insuperable.

If the scheme is at all adopted, my Committee are of opinion, that it would have to be for selected industries and for selected districts as an experiment.

It seems more important in India to strengthen the machinery for medical relief at the hands of Municipalities and in urban areas generally where the industry is located. Such medical relief is at present financed partly by voluntary contributions but largely from municipal taxation to which employers and employees are indirectly contributing. It is not yet demonstrated that this method could not be more suitable for Indians, if its volume and scope are extended, so that relief can reach all those who are in need of it.

The illiteracy of the workman and his inability to grasp the idea of insurance contribution whose benefit he can derive only if and when he needs it, are going to be the rocks on which every proposal which might be put forward with the very best motives, might break to pieces.

APPENDIX 99

Holidays with Pay

Letter No. 1286 dated 26th April 1935 from the Commissioner of Labour, Bombay to Chamber.

I have the honour to state that I have been directed by Government to forward for your information a copy of the Government of India, Department of Industries and Labour, letter No. L.-1831 dated the 1st April 1935 on the above subject and to request you to furnish me with your views on the proposals referred to in para 2 of the Government of India letter. I also attach a questionnaire containing specific points relevant to the proposals in question and shall be glad if you will kindly submit your views classified under the various points in the questionnaire.

2. I am to request that your reply may please be sent so as to reach this office by the 15th August 1935 at the latest.

Copy of letter No. L.-1831, dated 1st April 1935 from the Government of India, Department of Industries and Labour, New Delhi, to all Local Governments and Administrations regarding Holidays with Pay.

"I am directed to say that the subject of "Holidays with Pay" will come up for first discussion at the 19th Session of the International Labour Conference which will be held in Geneva in June 1935. If the Conference decides that the matter is suitable to form the subject of a Draft Convention or Recommendation, it will determine the points on which the Governments of the Member States should be consulted. The view expressed by the Governments on those points will then form the basis of the second and final discussion.

2. The proposals to be put before the Conference at its next session contemplate:—

- (i) that annual holidays with pay should be granted to workers other than those engaged in agriculture or shipping;
- (ii) that a minimum period of service under one employer should be prescribed after which a worker will be eligible for "Holidays with Pay", special provision being made for seasonal workers and those engaged in other occupations, e.g., the building trades; where frequent changes of employers are the rule; and
- (iii) that the period of the holiday and the pay to be granted to the workers during holidays should be fixed on some definite basis.

3. The Royal Commission on Labour considered the question of holidays for factory workers on pages 26 and 27 of their Report and made two Recommendations, Nos. 4 and 5, in this connection. The Government of India have adopted the principle underlying these recommendations in dealing with their own industrial employees and have found it of advantage from the point of view of increased efficiency. They recognise that, in view of the migratory character of much Indian labour, there are administrative difficulties in applying generally any compulsory scheme to private factories or other establishments. Moreover, in consequence of the high rate of turnover in many industries and establishments, the result of a scheme on the lines contemplated might be a general lowering of wages and a comparatively heavy tax on industry for the benefit of a limited number of workers. On the other hand, the provision of holidays with pay, if these were conditional on regular attendance for a reasonable period, might have appreciable effects in reducing turnover and encouraging more steady work. In view of the importance of the subject, the Government of India will be glad to be furnished

with detailed information of any action taken by leading employers on Recommendations 4 and 5 of the Royal Commission on Labour. They would also be grateful for the views of the Local Government on the practicability and desirability of the proposals mentioned in the preceding paragraph; and on the attitude to be adopted when the proposals come up for final discussion by the Conference of 1936.

4. I am to request that after consultation of organizations of employers and employed, a reply may kindly be sent to this letter by the 1st November 1935."

HOLIDAYS WITH PAY

Questionnaire

1. Do you agree that annual holidays with pay should be granted to workers than those engaged in agriculture or shipping?
2. What form should the international regulations on the subject take: a Draft Convention or a Recommendation?
(*Note.*—A Draft Convention constitutes a binding international obligation and a Member-State ratifying it has to report yearly to the International Labour Office on the measures taken by it to fulfil the obligation; whereas there is no such obligation to be discharged in respect of a Recommendation).
3. Do you think that the following definition would be satisfactory:—

"The term 'annual holidays with pay for employed persons' signifies a number, which shall be determined in advance, of consecutive days, other than public holidays and days of sickness and convalescence, during which each employed person who has fulfilled certain conditions in respect of service ceases work every year while continuing to receive his habitual remuneration?"

4. What classes of undertakings should be included and what classes of workers or undertakings excluded from the scope of the regulations?
5. (a) Do you consider that the right to a holiday should be made conditional on completion of a 'minimum uninterrupted period of service by the employed person with the same employer?
- (b) If the answer to (a) be in the affirmative, what should be the length of the minimum period?
- (c) What other conditions do you think should be included in the international regulations?
- (d) What special provisions would you suggest for seasonal workers and those engaged in building trades and other occupations where employment is intermittent?
6. (a) What should be the length of the holiday corresponding to the minimum period of service?
- (b) What should be the rate of increase in the length of the holiday in proportion to the length of service?
- (c) Should Sunday and public holidays be included or excluded?
- (d) Should any restriction be imposed on the subdivision of the holiday?
- (e) Would you suggest any special holiday schemes for particular occupations and for apprentices?
7. Should the international regulations make any provision for loss of right to holidays, and if so, under what circumstances.
8. Do you agree that the following rule should apply to holiday pay:—

“Pay at the usual rate in proportion to the length of the holiday for workers on fixed wages; and pay calculated by averaging over a period of some length for all workers whose remuneration varies with output?”

Letter No. 1600 dated 26th June 1936 from Chamber to the Commissioner of Labour.

I am directed by the Committee of this Chamber to acknowledge receipt of your letter No. 1286 dated the 26th April 1935 regarding the above question and to submit their views on the same as under:—

My Committee have considered the question of Holidays with Pay and are of opinion that the introduction of this system in India is going to be difficult, because many of the labourers are daily workers. The difficulty will arise not merely on the ground that it would be a burden which Indian industries, which are struggling, cannot bear, but also for other reasons.

It may be pointed out that there are more stop-days in the year in India than in any other country in the world, because of political, sectional and religious holidays which are generally recognised. There is also the question of piece-workers and time-workers. The number of time-workers is comparatively small taking industry as a whole, and the question of adjusting paid holidays for piece-workers is difficult, if not impossible.

The continuous employment which exists in Europe, where the workman lives in place where he works and has his family in the same place, also does not exist in India. In any industrial centre in India, the percentage of absentees during certain seasons is very heavy, and many employees take a trip to their native villages once in a year or once in two or three years.

The labour force is in a great flux, and does not seek and receive employment at the same place on its return. The obligation on a particular employer, therefore, if it is imposed by Law, would be difficult to discharge, as many of the workmen would not be in continuous or long employment. It might induce some employers also to deliberately secure break of employment in order to evade such an obligation.

The increased amenities to Labour in this form have tended in certain cases to reductions in substantive wages, and in a country where Trade Unionism is yet in its infancy and where the question of regulation of ordinary wages is also not yet properly attended an elaborate provision for holidays paid for by the employer seems to my Committee too premature and likely, in practice, to be frustrated. If the object for which this is being introduced could not be achieved, it would seem unwise to raise the issue at the present stage until every workman in India belongs to Trade Unions run on proper and recognised lines.

My Committee, however, in this connection concur with the Recommendation No. 4 of the Royal Commission on Labour, which reads as follows:—

“Workers should be encouraged to apply for definite periods of leave and should go with a promise that on their return at the proper time they will be able to resume work”.

In any case, it does not appear proper that measures of this kind should be adopted in India until they are adopted in all countries with which Indian industries are at present competing.

APPENDIX 100

**License for Electric Supply in Northern Division for
Killick Nixon & Co.**

*Letter No. 1990 dated 7th August 1935 from Chamber to
the Secretary to the Government of Bombay, P.W.D.*

The Committee of this Chamber have seen the advertisement in the public press regarding the license applied for by Messrs. Killick Nixon & Co., and Messrs. Callendar's Cable & Construction Co., Ltd., under the Indian Electricity Act, and in accordance with the Indian Electricity Rules they beg. to submit hereby their representation on and objections to the grant of the license as under.

My Committee are opposed to any license for electric lighting and power given to a non-Indian Firm, unless Government had invited applications from Indian firms or local bodies and if such were not forthcoming. They would suggest that it should be made a rule for all occasions in future, and on the present occasion also, that an opportunity should be given to Indian firms if they are coming forward to take the license.

My Committee are opposed to the maximum rates which are proposed to be fixed for the licensee by Government. These rates, as compared with some of the rates in other parts of the Presidency, are very high. What happens is, as has been evidenced in several cases, that the licensee takes advantage of this monopolistic situation some years after and when he finds that his firm is firmly established in the district, the rates are driven upto the maximum without any regard as to whether the company or firm is making profit or loss. Such a state of things entails great hardship and inconvenience upon the consuming public and, as has happened already in some places, the licensee has, regardless of the public sentiments and feelings, brought up his rates to the maximum even though his company was making profits for the last several years.

The prevailing rates quoted by the Tata Hydro-Electric groups compare very favourably with those offered by the applicants in this case and there are consumers who are grumbling at these rates. My Committee, therefore, beg to urge very strongly that the maximum rates proposed to be given to the licensee should be considerably reduced.

My Committee further desire to draw the attention of Government to the minimum charges fixed and would point out that the scale of charges permitted under Section I and II of the third annexure seems to be very high in view of the fact that cost of energy even on smaller scales is now reckoned at anything from one anna to one anna and a half per unit. It was considerations of this kind which induced the Railway Board to install their own Power House at Kalyan and the present and future population of Gujerat are entitled to ask Government not to provide so high a minimum charge as to preclude the possibility of cheaper power in their area.

My Committee beg further to suggest that Clause 14 of the Draft License should be omitted in order that Clauses 4, 5, 6, 7, 8, 10 and 12 of the Schedule to the Indian Electricity Act should apply to the license. The Committee see no reason why the licensees should not comply with the provisions of these clauses, which, among other things, require that the licensees should execute the work undertaken within a specified period of time and should have the obligation on them to supply energy to everybody who wants it within that area.

My Committee are also opposed to Clause 17 of the license. Giving of a license to a firm, in the first instance, with the absolute certainty that the same would be subsequently transferred to a Joint Stock Company, it seems, in the past has led to results not very happy. In such cases the licensees generally assign over their rights and privileges to a company and take their own time over it. The licensees may thus take even five or ten years in assigning

their license to any other company and the public of the district or the place where the licensees are to operate will have to suffer consequently from omission on the part of the licensee to make progress with the work. This is what happened with regard to the Bombay Suburban District where a long time was taken in assigning the license. The licensee takes from the company to whom the license is to be assigned his own terms which are often high, the firm exacting not merely its out of pocket expenses, but a big and absolute amount for goodwill, with the result that actual and *bona fide* holders of shares in the enterprise find their capital watered and a permanent diversion of profits of the enterprise goes into the pockets of the promoters, precluding the possibility of lower charges for the consumers at any time.

My Committee, therefore, beg to suggest that a definite period should be fixed during which the license might be assigned and Government must carefully scrutinize the terms of assignment in order that the licensee may not make his terms exorbitant. Government may fix from now a particular percentage which only can be secured as profits as consideration at the time of the assignment of the license, as otherwise there would be a danger of profiteering by the licensee. It should be laid down that the assignment can only be given to a company incorporated in British India with a majority of Indian Directors and with Rupee Capital as per recommendations of the External Capital Committee.

The area asked for by the licensees is very large covering as it does practically the whole of Gujerat, and while recognising that this firm holds concessions for Ahmedabad and Surat it seems that a license of the magnitude will stifle private enterprise for all the intermediate stations. As a matter of public policy my Committee think that Government should encourage small municipalities to go in for enterprise of this kind in their own localities. The possibility of any such thing is precluded if the proposed license

is given. There is also the fear that the firm holding the license may, for financial or any other reasons, not make use of it in all centres involved, unless there is a specific provision in this respect. Just as in the case of the Suburban area, many places in the North may be denied the utility of electric lighting merely because the company does not find it suitable to make installation in those places. These and other considerations of public policy are involved in the matter of this license, which the Committee of the Chamber feel it their duty to point out. My Committee would ask the authorities not to permit any replacement of the terms and conditions or give any extension of period of the license to the licensees in respect of their existing obligations at Surat and Ahmedabad.

My Committee beg, therefore, to suggest that the licensee must be obliged to declare a compulsory area and that he should be bound to supply electrical energy within that area failing which the license should be revoked.

With regard to Clause 16 (1) of the Draft License, my Committee suggest that the option of purchase should be first exercisable on the expiration of 20 (twenty) years, instead of 50 (fifty) years as provided for in the clause.

In conclusion, my Committee suggest that in any case until the principle and policy involved in the grant of this license have been discussed by the new Legislative Assembly for the Bombay Province, the matter should be held over.

APPENDIX 101

Sugar Production Rules, 1935

Letter No. 2728 dated 13th November 1935 from Chamber to the Government of India, Commerce Department.

The Committee of this Chamber have seen the Sugar Production Rules, 1935, published as a Notification of the Imperial Council of Agricultural Research Department, dated

the 9th September 1935, No. F.359/33-A, as also the representations made to Government by the Indian Sugar Mills Association and the Maharashtra Sugar Manufacturers' Association. The Committee of this Chamber had expressed their opinion on the Draft Rules under the Sugar Industry Protection Act, in their letter of the 16th June 1934, No. 1539. I am now directed to express the views of my Committee with regard to the Sugar Production Rules published under the Notification referred to above.

My Committee see no reason to change their views expressed in the letter referred to above; and whilst they agree to the *obiter dicta* referred to in paragraph 100, page 99, of the Report of the Indian Tariff Board on the Sugar Industry, 1931, they are of opinion that the industry need not be called upon to disclose the secrets, which are valuable assets of a concern. Further the information now required to be supplied is, in the opinion of my Committee, undesirable, if not vexatious, and not in the best interests of the Industry.

The Rules require information to be supplied under different Forms, one of these being for the cost of production. With regard to this, which my Committee consider as very important, they are of opinion that, while it is advisable to keep the Sugar Technologist informed of the progress of the Industry, the sugar manufacturers would not like to furnish information regarding cost of production, which they consider in the nature of trade secrets. It is true that while the Tariff Board is making enquiries of any particular industry for its claims for protection, it always insists on being supplied with statistics regarding cost of production. The Tariff Board, however, is a statutory body, and this information has to be supplied once in a way, and the Industry generally is confident that the secrets which are given to the Tariff Board will not go beyond the Board. When, however, the question comes to supply Government with all these details regarding cost of production, it is undoubtedly a different matter.

While my Committee agree generally with the observations of the Tariff Board, they are of opinion that the statistical information to be supplied to Government must be of a general character.

With regard to Form D (i), which requires manufacturers to submit monthly manufacturing reports showing an analysis of actual working, my Committee submit that no useful purpose will be served by the furnishing of such monthly manufacturing reports, and for the purposes of Government records it will be sufficient if an annual return is submitted showing the general working of the factories.

In conclusion, my Committee trust and hope that in light of the above remarks, Government will so amend the Rules as not to interfere, either with the working of the Industry or to impose unnecessary and uncalled-for hardship.

Letter No. F.29/I/35-A dated 22nd November 1935 from the Imperial Council of Agricultural Research to Chamber.

I am directed to refer to your letter No. 2728, dated the 13th November 1935, on the subject noted above, and to say that a notification (No. F.29/I/35-A, dated the 21st November 1935) is being issued in this week's Gazette of India, amending the Rules (and Forms) published with Notification No. F.359/33-A, dated the 9th September 1935, to the extent possible.

APPENDIX 102

Central Testing Laboratory for Drugs

Letter No. 3117 dated 14th December 1935 from Chamber to Government of India, Department of Education, Health and Lands.

The attention of the Committee of this Chamber has been drawn to the announcement that the Government of

India have decided to open a Central Testing Laboratory for Drugs etc., at Calcutta.

My Committee presume that this decision to have a Laboratory is taken on the report of the Indian Drugs Enquiry Committee. While welcoming the decision to have a Central Testing Laboratory, my Committee beg to urge that the Laboratory should be located in Bombay and not at Calcutta. My Committee had, in their representation dated 7th July 1933, No. 1865, addressed to the Surgeon General with the Government of Bombay, strongly recommended that the proposed Central Laboratory should be located in Bombay. Bombay's share of the total imports of Drugs and Medicines (which does not include chemicals) is much larger than that of Calcutta, as will be seen from the following table:—

	1931/32	1932/33	1933/34
	(Value lakhs of rupees)		
Bombay ..	76·9	74·2	75·2
Calcutta ..	65·9	62·3	68·6

Bombay has also got chemical and pharmaceutical products manufacturing concerns, and with its larger trade in drugs and medicines, both imported and manufactured, there is no doubt that Bombay would be better place for the location of the Central Laboratory than Calcutta. My Committee hope that this suggestion of theirs will be kindly accepted by Government.

APPENDIX 103

Reduction in Taxi Fares

Letter No. 1864 dated 22nd July 1935 from Chamber to the Government of Bombay, Home Department.

I am directed by the Committee of this Chamber to send to you herewith copies of the correspondence which

had passed between the Superintendent of Police, M.V.D. and the Deputy Commissioner of Police, Bombay, and my Committee, with regard to the institution of four-anna per mile taxis and the reduction of the present taxi fares in the City from annas eight to annas six per mile.

My Committee have approved of both these suggestions in the interests of transport facilities and of trade. The correspondence speaks for itself, and my Committee hope that Government will be pleased to have both the suggestions accepted, viz., that a new class of four-anna per mile taxis should be allowed and the present taxi fare should be reduced from annas eight to annas six per mile.

Letter No. 3720/M.V. dated 31st May 1935 from the Superintendent of Police, Motor Vehicles Department, to Chamber.

I have the honour to forward herewith copies of Circular Nos. 3023/M.V. and 3256/M.V. dated the 7th and 14th May 1935 respectively addressed by this office to taxi owners, important motor firms, etc. in Bombay and to request the favour of your remarks thereon.

Copy of Circular letter from the Superintendent to all Taxi owners, No. 3023/M.V. dated 8th May 1935.

It has been suggested that the present rate of fare for the hire of taxi cabs in this city, viz., annas 8 per mile should be reduced to annas 6 per mile. Kindly let me have your remarks on this suggestion whether in agreement or otherwise.

A reply within a fortnight is requested.

Notice to Taxi owners, No. 3256/M.V. dated 14th May 1935.

A proposal is under the consideration of this office to permit the use of small cars with wheel-bases from 90 to 94 inches to ply on the streets at a taxi meter distance.

rate of annas 4 per mile and a detention rate of annas 12 per hour. The cars will have accommodation for two passengers only in the rear seat and only one seat will be allowed in the front for the driver, the seat on the driver's left being removed. It is suggested that these cars be classed and known as "two seater Taxis".

The proposal is one of urgency and it is requested that owners who may wish to comment on the proposal should do so as early as possible so that the question can be attended to without delay.

Letter No. 1447 dated 10th June 1935 from Chamber to the Superintendent.

I am directed to acknowledge receipt of your letter No. 3720/M.V. dated 31st May 1935, with its enclosures. These were considered by the Committee of this Chamber at their last meeting held on the 4th instant, and I am directed to express their views hereby:—

My Committee are entirely in favour of the suggestion that the present high rates for taxis in the City should be reduced from 8 annas per mile to 6 annas per mile. In fact, it may be said that this reform has long been overdue. The rate of 8 annas was introduced at a time when petrol was selling at a high price and when the other materials and accessories also were costlier. Since there has been a considerable reduction in the prices of materials and accessories, and specially in the price of petrol. That it is possible for taxi drivers to run them at 6 annas per mile is sufficiently shown by the lower charges which are accepted when rates are settled in advance with them. Again, the reduction in fare will be even in the interests of taxi drivers, as the present fares prevent many people from engaging taxis. The proposed reduction will also be a great help to trade and industries to which taxis have now become a necessity.

My Committee are in favour of the other suggestion of introducing a new class of small cars at a taxi meter distance rate of 4 annas per mile and detention rate of 12 annas per hour. If the necessary private enterprise in this direction is forthcoming, there is no reason why Bombay should not in this matter offer a model to other cities of India. There has been a great necessity felt of such cheap cars in an industrial city like Bombay. Victorias, it is true, are plying at a cheap rate, but they are good for short distances only. In a city of long distances like Bombay, with its industrial, commercial, trade and residential areas widely separated, it is essentially important to have such a class of taxis which may be plying at 4 annas per mile.

In conclusion, my Committee thank the Commissioner of Police for suggesting these reforms, and hope that they will be introduced at an early date.

Letter No. 4683/M.V. dated 10th July 1935 from the Deputy Commissioner of Police to Chamber.

With reference to the recent suggestions for the introduction of "4 anna taxi" and the reduction of present fares from annas 8 to annas 6, I have the honour to state that the Commissioner of Police is not in favour of recommending to Government the introduction of either suggestion for the following reasons:—

(1) It would be unfair to present taxi owners to introduce cheaper taxis at the moment as they have recently spent appreciable sums in getting their taxis passed, their meters tested, etc.

(2) The introduction of the "4 anna taxi" is not likely to have any effect on the number of horse-drawn vehicles plying for hire, so the net result would be that existing taxis would be hit hard if not driven entirely off the roads by the cheaper taxis.

(3) Although it is suggested that the cheaper taxis should carry no luggage except hand bags of small size, it would probably be difficult to enforce this in time. As the "4 anna taxi" increases in numbers and the "8 anna" ones dwindle, any rule about the carrying of luggage would probably have to be received.

(4) The reduction in fare from annas 8 to annas 6 for existing taxis is hardly likely to save them from extinction or from reducing their fares to 4 annas which is what may happen in practice, if the "4 anna taxi" is introduced. Present taxi owners would agree to this reduction if they thought it would prevent the coming of the "4 anna taxi" but not otherwise. In any case changing the fare mechanism of the meters and having them re-tested would be expensive which at the moment would be an unfair imposition on taxi owners.

If there is a real sound general demand for cheaper taxis the matter can be re-considered in a few months time, i.e., shortly before the next passing season, so that any fresh orders can be brought out at a convenient time if considered advisable. This would give those who have old taxis a chance of disposing of them if they do not think they can profitably carry on with the new competition introduced by the cheaper taxis.

It is also necessary to consider the ultimate benefit to the public which may without thinking clamour for the cheaper taxis and then grumble if it finds that the standard of taxis in Bombay is not being maintained at its present level.

Letter No. 1802 dated 22nd July 1935 from Chamber to the Deputy Commissioner.

I am directed to acknowledge receipt of your letter No. 4683/M.V. of 1935, dated 10th July 1935. My Committee regret that the original proposals forwarded to them

by the Superintendent of Police, M.V.D., have not been approved by the Commissioner of Police. As my Committee pointed out at the time, both the proposals are in the interests of quick transport and also in the interests of trade, and they had hoped that with the support they had received from a large section of the public, the Commissioner of Police would find no difficulty in putting them in practice. Unfortunately, the proposals have been turned down, and Bombay, which is a leading city in the matter of trade and industries, has to rest satisfied with means of transport which cannot be said up-to-date.

The four-anna taxi is a suggestion which is quite timely. The traffic problem of the City has already been presenting difficulties, and people specially in business circles have been trying to find out what would be the best means of overcoming them. There was a time when only a few particular sections of Bombay were developed and trade and industries had to rest satisfied with hack victorias and bullock-carts which were known as *Renklas*. Taxis, electric trams, buses came in and improved the situation to a large extent. Even now, however, Bombay, if it wants to march forward and if it wants to give proper facilities for its trade and industries, cannot afford to let things remain as they are. The four-anna taxis would be a great improvement on the present-day conditions and would be a convenient medium for bringing all the parts of Bombay closer together for businessmen. My Committee do not think that the four-anna taxi will be any competitor of the present-day taxi. It would be a competitor of the hack victoria and would also induce people who are at present travelling by trains or trams or buses to use them. The particular class of people who use the present taxis will continue to use them, specially if the fare is reduced from annas eight to annas six per mile. The four-anna taxi is at present in vogue in Rangoon; and lower-rate taxis are running in Hongkong, Shanghai and Singapore side by side the higher-rate taxis. There is, therefore, no reason why a City like Bombay should not have it. Under the circumstances,

my Committee hope that the Commissioner of Police will be pleased to sanction the four-anna taxi.

There are equal, if not more cogent, reasons for reduction in fares of the present-day taxis from annas eight to annas six per mile. As my Committee pointed out in their first letter, even now the taxis are willing to charge at the rate of six annas and even less when the fare is settled with them. At the time when the present taxi fare was fixed, commodity prices were ruling high and petrol also was selling at about annas 13 a gallon, and on account of the depression in trade motor cars are now available at a cheaper rate. The reduction of the present taxi fare from annas eight to annas six per mile will not affect the taxis adversely but will rather give them more customers, as people now have developed the time-sense with regard to transport and want to go to places of their business or their homes or places of pleasure as quickly as possible. Even the lower-middle class people are seen to be engaging taxis on festive occasions or even for going to railway stations to catch trains.

Under all these circumstances, my Committee deem it essential that the present taxi fare should be reduced from annas eight to annas six per mile. If, as is pointed out in your letter, the taxi owners have incurred certain expenditure on the layout of the meters and the new scale will require a new adjustment, my Committee hope that the new scale will at least be brought into effect from the new official year and that a notification to that effect would be issued by now in order to prepare the taxi owners for the change.

Letter No. 6682/3-E dated 17th August 1935 from the Government of Bombay to Chamber,

With reference to your letter No. 1864, dated 22nd July 1935, forwarding copies of your correspondence with the Superintendent, Motor Vehicles Department and the

Deputy Commissioner of Police, Bombay, regarding the introduction in the City of Bombay of four annas per mile taxis, and the reduction in the present taxi fares, I am directed to state that at present Government do not propose to take any action on these proposals.

Letter No. 6676/M.V. dated 1st October 1935 from the Superintendent of Police to Chamber.

I forward herewith for your information a copy of this office Circular No. 6366/M.V. of 20-9-35 on the subject of reduction of taxi fares in this city.

Circular No. 6366/M.V. dated 20th September 1935 issued by the Superintendent.

Owners of taxi cars are informed that with effect from 1st April 1936 the following new rates of fare for the hire of taxi cars in Bombay City will be brought into force. They are therefore advised that their cars presented for the Annual inspection and licensing in the month of April 1936 the meters should be adjusted to the new scale on this occasion. The inspection will commence from the 1st April instead of the 1st March as has been the case hitherto, so that owners will have ample opportunity and time to convert their taxi meters to the new rates shown below. No taxi car will be permitted to ply for hire after the 31st March 1936 unless it has been licensed and the taxi meter tested and passed at the new Scheduled rates.

New Rates.—

- (1) Annas 6 for the first one mile or less; annas two for each subsequent $\frac{1}{3}$ rd mile.
 - (2) *Detention Charges.*—Annas 2 for each 5 minutes or Rs. 1-8-0 per hour.
 - (3) *Luggage Charges.*—Annas 2 for each package carried outside the car.
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Letter No. 2495 dated 12th October 1935 from Chamber to the Superintendent.

I am directed to acknowledge receipt of your letter of the 1st instant, No. 6676/M.V., enclosing a copy of your Circular No. 6366/M.V., dated 20th September 1935, on the subject of reduction of Taxi fares in the City.

My Committee are disappointed that the scheme of four anna taxis has not been brought into force. They are, however, glad that the principle of the reduction of taxi fares has been atleast accepted and that from 1st April next a tariff of six annas per mile will be brought into effect. I am directed to convey the thanks of my Committee to the Commissioner of Police for this.

At the same time, I am directed to draw your attention to a complaint made that some of the taxis running in the City are in such a deplorable condition that it is a personal risk to move in them. My Committee trust that this aspect will be examined by your Department and the cheapening of the fares will not mean any deterioration of the standard.

APPENDIX 104

Police Raid on the Cotton Exchange

Letter No. 982 dated 17th April 1935 from Chamber to the Government of Bombay, General Department.

The Committee of this Chamber have learnt of the regrettable incidents, which took place at the trading Hall of the East India Cotton Association on the 9th instant. In consequence thereof considerable feeling has been generated in the minds of the cotton merchants and the Cotton Market was closed, leading to inconvenience and loss not merely to merchants in Bombay, but to producers and others all over the country. A very serious apprehension

has arisen in the minds, not merely of the cotton merchants, but all merchants generally; and the Committee of the Chamber feel that Government should inquire into these incidents and issue a statement to the public as early as possible, which have the effect of reassuring them.

This Chamber is not averse to the main object of Government in stopping gambling and illegitimate trading of all description. In fact, this Chamber has urged stronger action in this direction in the past. But the legitimate interests of *bona fide* merchants engaged in their peaceful avocation must be protected and they should be safeguarded against interference by the Police or any other authorities, even if such interference took place through mistaken zeal, or through error of any other kind. For one thing, the Committee would suggest that, wholesale and mass arrests of the kind, which were attempted, should in future, if found necessary, be attended by officers of a higher status than those who were entrusted with the task on this occasion. The Committee wish to urge on Government that the establishment of forward markets is an economic necessity, even though advantage may be taken of its existence for purely gambling purposes. The whole matter requires a more careful consideration than appears to have been given to it, and the Committee would, therefore, urge that, apart from a reassuring statement from Government on the immediate issue of the happenings on the 6th instant, Government ought to hold a consultation with the trade for quicker and better accomplishment of the objects of preventing gambling and safeguarding at the same time the legitimate and *bona fide* activity of merchants in the different markets and trades located in the City of Bombay.

Letter No. 6322/3-E dated 27th June 1935 from Government of Bombay, Home Department, to Chamber.

With reference to your letter No. 982, dated the 17th April 1935 to the Secretary to the Government; General

Department, I am directed to state that Government feel confident that an incident such as occurred on the occasion referred to is not likely to take place again, and that your Chamber need be under no apprehension at all that the legitimate interests of *bōna fide* merchants engaged in their peaceful avocation will suffer in future. The suggestion made in the last sentence of your letter has been noted.

APPENDIX 105

Discontinuance of Statistics of Inter-provincial Trade

Letter No. 511-50/35S dated 10th August 1935 from the Collector of Customs to Chamber.

I have the honour to state that it was a long-standing practice in this Custom House to record the trade between the various subordinate ports of the Presidency of Bombay, excluding Sind, and to show it under a separate division, viz., "British Ports within the Presidency." This entry also included the trade of the Chief Port—Bombay with the subordinate ports. The figures appeared in the various tables relating to the coasting trade published in Part II of the "Annual Report of the Trade and Navigation of the Presidency of Bombay, excluding Sind." Although the publication of this volume has been discontinued under orders of the Government of India since 1931-32, the volume is being maintained in a manuscript form and the trade of the Chief Port—Bombay with the subordinate ports and also that of the subordinate ports between themselves is being recorded under the division "Internal Trade." This corresponds to the old division "British Ports within the Presidency." The figures relating to this trade are also being communicated to the Director General of Commercial Intelligence and Statistics, Calcutta, for the purpose of the "Accounts relating to the Coasting Trade and Navigation of British India" published by him every month, in which

they stand included under the division "Total Internal Trade" shown therein under the various principal articles of import and export—both Foreign Merchandise and Indian Produce.

2. It may be mentioned that the figures shown under the division "British Ports within the Presidency" or "Internal Trade" do not represent the exact position of the trade but are exaggerated inasmuch as the imports or exports at one subordinate port from and to another are the exports and imports at the other port, thus representing the import and export trade of the particular subordinate ports and not, strictly speaking, the imports and exports of the Presidency.

3. It has therefore now been suggested that the figures of this "Internal Trade" should in future be excluded from the monthly coasting trade returns and also from the Provincial Volume and that the figures of imports, and exports into and from the subordinate ports from and to ports outside the Presidency alone should be shown separately in the Provincial Volume only.

4. These trade statistics are compiled mainly for the trading public but enquiries relating to them are very rare. I would request you therefore to kindly let me know at a very early date whether you have any objection to urge against the proposals mentioned in paragraph 3 above.

Letter No. 2147 dated 28th August 1935 from Chamber to the Collector.

With reference to your letter No. 511-50/35S dated the 10th instant, I am directed by the Committee of this Chamber to inform you that they have no objection to the proposed discontinuance of the statistics of inter-provincial trade from the Provincial Volume of the Sea-borne Trade and Navigation etc., and also from the monthly coasting trade returns.

APPENDIX 106

Qualifications and Pay for the post of the Registrar of Joint Stock Companies

Letter No. 9425-D dated 8th May 1935 from the Government of Bombay, Finance Department, to Chamber.

I am directed to state that Mr. H. C. B. Mitchell, who combines the posts of Administrator General and Official Trustee with those of Registrar of Joint Stock Companies, and Registrar of Firms, has applied for leave preparatory to retirement with effect from September this year. Government are inclined to think that it is desirable that, after Mr. Mitchell proceeds on leave, the post of Registrar of Joint Stock Companies, and of Firms, should be made an independent post and I am to address you now regarding the qualifications necessary and the pay to be attached to it.

2. As you are aware, the statutory duties of the Registrar of Companies are to see that the documents presented for registration are in accordance with the Act, that the returns are upto date and within time and that the documents are maintained in such a way that they are readily available for inspection. So far as the Act is concerned the Registrar need be only a recording officer and it has been suggested that, since the office has been functioning for twenty years and is now fully organised, it may not be necessary for him to be an expert on company law and practice. I am to request the favour of being informed whether your Chamber agree in this opinion, and, if so, what pay is considered necessary for the appointment.

3. If it is considered that the post should be filled by an expert on company law and practice, I am to inquire what pay will be adequate for the post. The existing pay is Rs. 1200-50-1800 which was fixed in 1914 when it was considered necessary to import an expert from England to introduce the then new Companies Act into Bombay. On

the other hand, the pay of the present Registrar in Bengal is Rs. 800-50-100.

Letter No. 1216 dated 20th May 1935 from Chamber to the Government of Bombay.

I am directed to acknowledge receipt of your letter No. 9425-D, dated the 8th May 1935, on the above subject, and to send to you hereby the views of the Committee of this Chamber thereon.

My Committee are glad to note that Government proposes to make the post of Registrar of Joint Stock Companies, and of Firms an independent position and not to combine it, as at present, with the post of Administrator General and Official Trustee. The work of the Registrar of Joint Stock Companies should be deemed to be a responsible one and his duties would be heavy if they were properly discharged. Such a work would require, in the opinion of my Committee, preferably a man who combines knowledge of Accounts with knowledge of Company Law and Practice. Government should select a senior experienced man with these qualifications. My Committee consider that it will not be difficult to secure a good Indian with these qualifications on the scale Rs. 800-50-1200. It is found that the present Registrar in Bengal is a man with qualifications in Accounts and his scale is Rs. 800 rising to Rs. 1000. It should be, therefore, possible to secure one with the qualifications suggested by my Committee on the scale named by them.

My Committee urge, in conclusion, that an Indian should be appointed to the post.

V.—GENERAL

APPENDIX 107

Appointment of Trade Commissioners abroad

Letter No. 40 dated 8th January 1935 from the Federation of Indian Chambers of Commerce and Industry to Chamber.

I am directed to enclose a copy of a confidential communication received from the Government of India, Department of Commerce, on this question. It was considered by the Committee of the Federation at their last meeting and it was agreed that before formulating any opinion, the views of the Member-bodies should be ascertained as to the zone in which they desire further appointment of Trade Commissioners to be made.

The Committees of the Member-bodies would doubtless be considering the points raised by the Government in the enclosed letter. I am in this connection further desired to bring to your notice certain other points and they are:—

In the eastern zone, the intermediaries between Indian exporters and the consumers of Indian goods are firms managed and controlled by Indians themselves with the advantage that a direct contact is maintained between the exporters, to eastern zone, of Indian goods and the consumers of these articles in that zone itself. The exporters of Indian goods in India have, owing to this direct contact, greater facilities to understand and appreciate the important factors that guide commerce and trade in the eastern zone. This direct contact with the consumers is entirely absent in the western zone as the intermediaries are more or less foreign; and the exporters of Indian goods in India do not have the same facilities to understand the implications of restrictions, tariff barriers and several other factors that are at present guiding the import trade of practically all

the foreign countries in the western zone. In the absence of such a direct contact, the need of an official Trade Commissioner, if he is the right type of an Indian, will be felt by the Indian commercial community in a greater degree in future, particularly when every foreign country in the western zone is trying to adjust its import trade in accordance with its export trade and India being a party to the Ottawa scheme of preferences, is in a greater need of an Officer to watch and properly guard against the disadvantageous effects of various factors which are entering into the import and export trade of each and every country in that zone. Member-bodies are, therefore, requested to consider these two points in addition to those referred to by the Government in their letter.

I shall much appreciate a definite expression of opinion by the Committee of your Chamber to reach me by Monday, the 28th January, 1935.

The communication is marked as confidential by Government and it is hoped the Member-bodies will treat it as such.

Copy of a letter No. 25-C(25)/34 dated New Delhi, the 13th December 1934 from the Secretary to the Government of India, Department of Commerce, to the Federation.

"I am directed to inform you that the Government of India have under consideration the question of making further appointment of Trade Commissioners as and when opportunity offers and to say that they would be glad to be favoured with the advice of your Federation as to the countries in which the establishment of Trade Commissionerships will be most likely to bear fruitful results. In formulating an opinion the following general considerations will no doubt be kept in mind.

2. Broadly speaking, India's export trade is directed geographically to two main zones—an eastern zone and a

western zone. Typical of the eastern zone is the export trade to African ports from Alexandria in the north to Durban in the south, while the western zone comprises the continent of Europe and America. Exports to the eastern zone consist for the most part of cotton piece-goods and food-grains, while Europe and America are interested mainly in the raw materials of industry, such as, oilseeds and hides and skins, and, at the same time, offer more ready markets for Indian manufactures. *Prima facie* it appears doubtful whether the services of a Trade Commissioner would be of any great assistance in promoting the export of food-grains, nor is it probable, in the present state of world competition, that exports of Indian cotton textiles are likely to make any considerable headway. On the other hand, the increasing regulation of imports into western countries by means of quota systems and other forms of restriction make it doubtful whether any substantial advance can be looked for in that direction. Before coming to any decision, however, the Government of India have considered it desirable to ascertain the views of those most directly interested in export trade, and they would be glad to receive the opinion of your Federation on this matter as early as may be convenient."

*Letter dated 17th January 1935 from Chamber
to the Federation.*

I am directed to acknowledge receipt of your letter of the 8th instant, No. F.40, with its accompaniment.

My Committee have considered the proposal suggested in the letter of the Government. They are of opinion that preference should be given to Western countries and that France and U.S.A. should be the countries in which Trade Commissioners should be appointed first. South and East Africa, China and Japan should come in next. While the Committee agree that there is greater contact between the exporters from India and the importers in South Africa, or East Africa for the matter of that, they feel that a

Trade Commissioner is necessary to look after the interests of this country. They will not, therefore, like that South Africa or East Africa should be passed over at present. With regard to China and Japan also there is a great necessity for a Trade Commissioner, specially after the introduction of the Quota system.

APPENDIX 108

Appointment of a Trade Commissioner at Japan

Letter No. 1942 dated 29th July 1935 from Chamber to the Government of India, Commerce Department.

The Committee of this Chamber have for several years past been urging the necessity of appointing Indian Trade Commissioners at important foreign centres of trade. Last year the Government of India asked the opinion of the Federation of Indian Chambers of Commerce and Industry regarding this question, and my Committee on being consulted by the Federation, replied to them as follows:—

“My Committee have considered the proposal suggested in the letter of the Government. They are of opinion that preference should be given to Western countries and that France and U.S.A. should be the countries in which Trade Commissioners should be appointed first. South and East Africa, China and Japan should come in next. While the Committee agree that there is great contact between the exporters from India and the importers in South Africa, or East Africa for the matter of that, they feel that a Trade Commissioner is necessary to look after the interests of this country. They will not, therefore, like that South Africa or East Africa should be passed over at present. With regard to China and Japan also there is a great necessity for a Trade Commissioner, specially after the introduction of the Quota system.”

My Committee had again an opportunity of discussing this question when the Hon'ble Mr. Stewart, Secretary, Department of Commerce, had an interview with them, they stressed the necessity for the appointment of more Indian Trade Commissioners. Mr. Stewart replied that he would welcome any definite suggestions from the commercial community. My Committee draw the attention of Government to what they wrote to the Federation, which they have quoted above.

Notwithstanding the general opinion of the Committee as expressed above, I am directed to point out that the case of Japan stands on a different footing. That is the only country, with which a trade agreement has been made by India. It is the most important purchaser of Indian cotton, and exports from Japan affect Indian industries more seriously than exports from any other country, and generally Indian nationals trading with, and in, Japan have made serious and numerous complaints of their interests being sacrificed in the event of differences as to their transactions taking place with Japanese firms. My Committee, therefore, urge an immediate appointment of a Trade Commissioner on behalf of India, who should be an outstanding and capable Indian.

The Government of India themselves had accepted the public feeling on this subject and decided that a Trade Commissioner should be appointed and it is understood that the Japanese Government had given an undertaking to receive such an official when he was appointed. In view of this, the delay becomes inexplicable and, if it is being caused by the British Foreign Office or by the Ambassador in Japan, my Committee urge on the Government of India to take as prompt and as strong an action as lies within their power. My Committee consider it essential that the Indian Trade Commissioner should not only be appointed, but should be on the scene in Japan already for a year or two, before discussions with regard to a fresh agreement arise. I shall be much obliged if information about this

subject indicating the exact position, could be sent to this Chamber at your early convenience.

*Letter No. 25-C(10)/34 dated 30th August 1935 from
Government of India to Chamber.*

With reference to your letter No. 1942, dated the 29th July 1935, I am directed to say that the question of appointing an Indian Trade Commissioner in Japan is engaging the attention of the Government of India.

*Letter No. 179 dated 29th January 1936 from Chamber
to the Government of India.*

I am directed to acknowledge receipt of your letter No. 25-C(10)/34, dated 30th August 1935.

My Committee note that the question of appointing an Indian Trade Commissioner in Japan is engaging the attention of the Government of India.

The question has now been pending for a very long period and in the meanwhile it is apprehended that some of the vital interests of this country are, perhaps, being sadly neglected on account of the absence of a proper official representative in Japan to watch the interests of this country. The mutual commercial and trade interests of this country and Japan have always been very important and have been specially more so since the Indo-Japanese Agreement. It is natural, therefore, that the commercial community of this country is anxious that the Indo-Japanese Agreement should be carried out in letter and spirit and that there should not be any misinterpretation or misleading interpretation of the same. To look after all this many and multifarious needs of the Indian mercantile community, an official enjoying the rank of a Trade

Commissioner is necessary, and my Committee have been urging upon the attention of Government the desirability of such an appointment even before the above Agreement was entered into. Unfortunately, a long delay has occurred. My Committee would like to know the reasons for the delay which was inexplicable. They will be obliged if Government will be pleased to let them know if there is any reluctance on the part of Japan to entertain the suggestion of having such an Indian Trade Commissioner in Japan.

APPENDIX 109

Representation to the Provincial Delimitation Committee

Government Press Note dated 5th June 1935.

With a view to investigate the preliminary action which is necessary to provide for the constitution of the Bombay Legislative Assembly and the Bombay Legislative Council under the provisions of the Government of India Bill now before Parliament, the Government of Bombay have decided to appoint at once a Provincial Committee to consider the delimitation of constituencies for the two Chambers of the Provincial Legislature mentioned above and to make a report embodying their recommendations. It should be clearly understood that the investigations made by the Committee are purely for the purpose of clearing the ground and are based on the Table of Seats provisionally appended to the Government of India Bill, which is still subject to further consideration by both the Houses of Parliament; so that any action taken is in these circumstances of an entirely provisional nature.

It is proposed that the Committee be constituted as follows:—

The Hon'ble Mr. Justice N. J. Wadia, I.C.S. (*Chairman*).

Members:

Rao Bahadur R. R. Kale, M.L.C.

Sardar Rao Bahadur Bhimbhai R. Naik, M.L.C.

Mr. Hoosenally M. Rahimtoola, M.L.C.
 Khan Bahadur Abdul Latif Haji Hajrat Khan, M.L.C.
 Rao Bahadur S. N. Angadi, M.L.C.
 Rao Bahadur N. E. Navle, M.L.C.
 Dr. B. R. Ambedkar, M.L.C.
 Mr. J. H. Garrett, C.S.I., I.C.S.

Mr. H. T. Lambrick, I.C.S., will be the Secretary to the Committee.

The Committee will have power to co-opt a representative of each special interest such as a landholder, an Anglo-Indian, an Indian Christian, a woman or a representative of Labour, Scheduled Castes or Commerce when those special interests are under discussion. Any person so co-opted will have the full rights of a member in so far as the particular subject for which he is co-opted is concerned.

The Committee is expected to sit from the middle of June and to finish their report within a month.

Any representations from individuals or bodies may be submitted in writing at the earliest possible date to the Secretary, Bombay Provincial Delimitation Committee, Council Hall, Poona.

As regards Sind a separate announcement will issue shortly.

Letter No. 1508 dated 18th June 1935 from Chamber to the Provincial Delimitation Committee.

Government have sent this Chamber a copy of the Press Note regarding the appointment and work of your Committee, and I have the honour, under instructions of the Committee of the Chamber, to address you as follows.

A representation was made by this Chamber to the Government of Bombay on the 29th of September 1932,

in reply to a letter from Government asking for the opinion of this Chamber whether any changes were required in connection with the Electoral Rules and present position of the Commercial constituency. The reply then sent contains the views of the Committee of this Chamber, a copy of which I am directed to send you herewith.

For the information of your Committee, I am further directed to send herewith extracts from the speech of Sir Chimanlal Setalvad, the then General Member in the Executive Council of the Bombay Government, on the debate which took place on 19th February 1923, which explicitly states the views of Government with regard to the position held by this Chamber as a central Chamber of Commerce vis-a-vis sectional and trade interests represented by smaller associations.

With reference to the Legislative Council in future to be known as the Legislative Assembly, I am desired to draw your attention to the fact that there would be seven seats in all for Commerce, three of which will go to European commerce and, in pursuance of the recommendations of the Lothian Committee, one seat will be reserved for this Chamber, one for the Bombay Millowners' Association and one for the Ahmedabad Millowners' Association. The seat, which the Lothian Committee wanted to give to the Cotton Trade, could also very well be given to this Chamber in view of the fact that, for the Bombay Port Trust, the Cotton Trade is adequately represented from this Chamber, which has more than 42 members dealing in cotton on its roll. If it is suggested by your Committee that the East India Cotton Association should be affiliated to this Chamber and should then exercise its rights in company with the other affiliated Associations towards this object, this Chamber will welcome the suggestion. My Committee feel strongly that, in view of the position, which they have held since the Montagu-Chelmsford Reforms, as representing the Commerce and Industry not only of the City of Bombay, but of the whole Province, it would be only just and fair that

this seat should also be given to the Chamber. It may be noted that the Government of India Bill has not assigned a seat specifically to any party and has left the task to be tackled by your Committee.

I am directed to put forward for the consideration of your Committee the fact that, two seats to the Bombay Chamber of Commerce and one to the Trades Association, would be giving away a much larger share of the representation to these interests, which would not be justified now, as the Bill specially gives three seats to Europeans and two to Anglo-Indians in the General constituencies which did not exist hitherto. If the Delimitation Committee are satisfied that this distribution to the British Chamber of Commerce of two seats is correct, it is only just and fair for Indian commerce to ask that two seats should be given to them through the Indian Chamber of Commerce, viz., this Chamber, and that the balance between the European trade and the Indian trade should be justly and properly held.

The Indian Merchants' Chamber represents more than fifty different types of business and has on its roll seventy of the most leading joint stock companies, insurance companies, banks, steamship companies, and has, besides, 30 Associations representing different trades affiliated thereto, holding a membership of something like 6,000. The Chamber's general membership is about 600. Under these circumstances the intention of Parliament in the Bill would be properly carried out if this Chamber were given this additional seat.

My Committee understand that several bodies in Bombay representing special interests and trade are going to address your Committee with a request that their members should be given an opportunity to vote for the election of the representative of Commerce. My Committee are confident that your Committee will examine all such representations carefully and will make suitable

recommendations. The submission of this Chamber is that, the voice of Commerce has been able and adequately represented by the members elected by this Chamber since 1920, who have played fairly important part in the Bombay Council. Still with regard to the details of voting for the election of such members in future, if your Committee have any suggestion to make, my Committee will carefully consider it, as coming from a body of the importance of the Delimitation Committee.

With regard to the proposed "Legislative Council", there is a new suggestion, which did not exist at the time of the Lothian Committee, but which has been embodied in the Bill, viz., that an Upper House should be established in the Bombay Presidency. This Upper House is going to be called the Legislative Council, and in connection with this also my Committee put forward the claim of the Indian Merchants' Chamber to at least one seat, where the views of Commerce and of the very large interests, which the members of the Chamber and its affiliated Associations hold, could be put forward. If the purpose of the Second Chamber is to see that no hasty and extreme legislation is passed, it is only right that the vast interests represented by the Chamber and its affiliated Associations should have a place in this Council in order that the purpose of Parliament in instituting a Second Chamber may be properly fulfilled.

As the arrangements for this Council came now at a later stage in the passage of the constitution, the Schedule merely mentions the number of seats, but has not made any specific mention of the various interests, which would have to be represented. My Committee feel that this would be the proper task of the Delimitation Committee and hence the request contained above.

In conclusion, I have been directed by the Committee of the Chamber to say that all information which the Delimitation Committee would require will be supplied to

them and if your Committee want to take oral evidence in regard to the Commercial constituency, on any issue relating thereto, my Committee would be glad to depute their representative or representatives to appear before your Committee. I am further directed to say that if there is a general questionnaire dealing with matters other than the Commerce constituency, which you want the Chamber to answer, my Committee would be glad to send replies as soon as they hear from you.

Copy of letter No. 1593 dated 29th September 1932 from the Indian Merchants' Chamber, Bombay, to the Government of Bombay.

"I am directed by the Committee of this Chamber to acknowledge the receipt of your letter of the 16th July 1932, No. 154. My Committee have noted that the Lothian Committee have recommended the continuance of the constituency of this Chamber for purposes of representation of Indian commerce both on the new Provincial Legislative Council and the new Central Legislature. This Chamber is enjoying this privilege since 1920, under the Government of India Act based on the Montague Chelmsford Reforms Scheme. This Chamber is the only really representative commercial organisation in this City, though there are fifty other organisations of different trade interests. There are 22 Trade Associations affiliated to this Chamber. It has got 453 members who represent all important trades industries. Not once during all these years has any complaint been made in any quarter regarding any defects in the rules and regulations for the elections by this Chamber or regarding the representative character of this Chamber itself. I am directed to enclose herewith for your information, a complete list of members, as also a copy of the Rules and Regulations of the Chamber.

The Electoral Rules governing the elections by this Chamber to the Provincial and Central Legislatures are

given in the Bombay Electoral Rules and the Bombay Electoral Regulations and the Legislative Assembly Electoral Rules. My Committee are of opinion that no changes are required in these rules. There is one point, however, to which my Committee would like to draw your attention. This is the requirement of the rule in the Bombay Electoral Rules that:

“A person shall be qualified as an elector for a Commerce and Industry constituency whose name is entered in the list of members, for the time being in force, of the Association forming such constituency or who is entitled to exercise the rights and privileges of membership on behalf of and in the name of any firm or company or corporation entered in such list of members.”

It comes to this that there can be no change made in the names of members representing different firms or companies, members of the Chamber, when the electoral roll is finally published. If any change has to be made, one will have to go to the Small Causes Court. Representatives of different firms or companies may be changed in the interval, and in that case these firms or companies who are members of the Chamber and entitled to vote, will thus be left without the right of voting. My Committee note that the Franchise Committee have recommended in their paragraph 325 that the point is one which merits consideration. My Committee are, therefore, of opinion that firms or companies should be allowed to be registered in their own names as voters in the electoral roll and that any gentleman who represent them, for the time being, be entitled to vote on their behalf, provided that any changes in the names of representatives be made at least one week before the date of the election, after which no such change shall be made.”

Extract from the Proceedings of the Bombay Legislative Council, dated 19th February 1923.

A BILL FURTHER TO AMEND THE BOMBAY PORT TRUST
ACT, 1879 (BILL NO. XIX OF 1922).

THE HON'BLE SIR CHIMANLAL SETALVAD : ".....Then, claims were made by various other bodies, the Piecegoods Association, the Grain Merchants' Association and other similar bodies in this City. Some of them, the Piecegoods and the Grain Merchants' Associations, have, under the present Act, got representation by rotation in certain years, but the Select Committee rightly came to the conclusion that you cannot have different associations getting representation in that manner because you do not know where you will stop, if you do that, but that all interests must come and must get represented through a recognised general body representing the commercial interests in the City, and it was, therefore, decided that any Indian commercial or trade interest should seek representation through the Indian Merchants' Chamber to whom are allotted five seats. Any different interests concerned such as the Grain Merchants', the Piecegoods or any other Associations, can seek representation through the Indian Merchants' Chamber as the domestic regulations of the Chamber can be so framed as to make it possible for various interests to be so represented. Similarly with regard to the Bombay Presidency Trades Association. In regard to that, as I have pointed out on the motion for the first reading, if you once grant their claim, you cannot resist similar claims by the other bodies mentioned, namely, the Piecegoods Association, the Grain Merchants' Association, and any other bodies of persons who may form themselves into Associations later on."

Letter No. D.C./2 dated 20th June 1935 from the Delimitation Committee to Chamber.

I have the honour to acknowledge the receipt of your letter No. 1508, dated the 18th June 1935, regarding the representation of the Indian Merchants' Chamber on the reformed Bombay Provincial Assembly and to state that the matter is receiving attention.

Joint protest dated 20th August 1935 from the various Associations to the Chief Secretary to the Government of Bombay.

We, the undersigned Associations, desire to record our protest against the findings of the Bombay Provincial Delimitation Committee in which it is stated that the Indian Merchants' Chamber will have one seat in the new Bombay Legislative Assembly, and the Bombay Chamber of Commerce and the Bombay Presidency Trades Association will have, between themselves, three seats. We consider this arrangement grossly unjust to Indian business interests and specially partial to British interests. We also think that it does not behove Government (following the lead given by the Bombay Provincial Delimitation Committee) to put this Chamber representing Indian commerce on an inferior and secondary basis in comparison with the Bombay Chamber which represents non-Indian commerce.

We further think that giving one seat to the Bombay Presidency Trades Association is unnecessary and superfluous as it gives every individual member of that small association a right which is very much more than the right received by individual member of the Indian Chamber and even which is at present not enjoyed by members of many other Associations not affiliated to the Indian Chamber.

We request Government, before it is too late, to apportion two seats to the Indian Merchants' Chamber, as

representing Indian commerce; and two seats to the Bombay Chamber of Commerce and the Presidency Trades Association, leaving the internal arrangement between the latter to be fixed for these two seats, as they like.

We beg to remain,

Sir,

Your most obedient servants,

K. R. P. Shroff, President, The Native Share & Stock Brokers' Association.

Mathuradas Canji Matani, President, Rice Merchants' Association.

Narsi Chatarbhuji, President, Gum Merchants' Association.

Babaladas Nagindas, President, Ghee Merchants' Association.

Mulji Shamji, President, The Bombay Oil Merchants' Association.

Valabhdas Vasanji, President, Malbar Kariana Merchants' Association.

Lallubhai Chunilal, Hon. Secretary, Indian Match Manufacturers' Association.

Chatarbhuji Devchand, President, Shri Mahajan Association.

Manilal Jugaldas, President, The Coal Merchants' Association.

Maganlal Prabhudas, President, The Yarn, Copper and Brass Merchants' Association.

Gulabchand Naginchand, President, Pearl Merchants' & Jewellers' Association.

Bhavanji A. Khimji, President, The Cotton Merchants' & Muccadams' Association.

R. T. Parekh, Secretary, The Muccadams' Association.

S. J. Pandya, President, The Indian National Steamship Owners' Association.

Velji Lakhamshi Nappco, President, The Grain Merchants' Association.

Ramdas Kilachand, President, The Seeds Traders' Association.

Valabhdas Tejpal, President, The Bombay Kariana Merchants' Association.

Bhogilal C. Shah, President, The Chamber of Income-tax Consultants.

K. S. Ramachandra Iyer, Hon. Secretary, Indian Insurance Companies' Association.

Byramji Hormusji, Hon. Secretary, Indian Life Assurance Office's Association.

Ratanji Virpal, President, The Sugar Merchants' Association.

M. Venkatrao, President, The Bombay Chemists & Druggists' Association.

Harilal Ramji Mehta, Hon. Secretary, The Iron Merchants' Association.

A. G. Hasim, President, Memon Chamber of Commerce.

M. Gulamali Abdulhussain, President, Metal Exchange Association.

H. M. Pirmohamad, President, Sugar Candy Association

Khimji M. Bhujpuria, President, Bombay Grain Dealers' Association.

Lilavati K. Munshi, President, Swadeshi Market Committee.

Byramji Hormusji Kabir, Hon. Secretary, Bombay Milch Cattle Owners' Association.

Byramji Cowasji, President, Butter Manufacturers' Association.

N. A. Abdulpurker, President, Sholapur Kapad Vyapari Sangh.

M. L. Dahanukar, Vice-President, Maharashtra Chamber of Commerce.

Behram N. Karanjia, President, The Silk Merchants' Association.

Chunilal B. Mehta, President, Bombay Bullion Exchange.

Chunilal B. Mehta, President, Bombay Shroff Association.

B. F. Vania, President, The Bombay Glass Bangle Merchants' Association.

APPENDIX 110

Indian Delimitation Committee

Letter No. R-319-III dated 6th August 1935 from the Chief Secretary to the Government of Bombay to Chamber.

I am directed by the Governor in Council to forward herewith for your use a copy of the Report of the Bombay Provincial Delimitation Committee and to state that the Report is under consideration of the Government of Bombay and their views on the recommendations contained therein will be published shortly. If you desire to submit your representation to the Indian Delimitation Committee with reference to the recommendations of the Bombay Provincial Delimitation Committee or otherwise I am to suggest that you should forward your written statements to me so as to reach me not later than the 1st September 1935.

Letter dated 26th August 1935 from Chamber to the Indian Delimitation Committee.

The Committee of this Chamber are informed by the Chief Secretary to the Government of Bombay, Political and Reforms Department, that if they desire to submit any representation to the Indian Delimitation Committee with reference to the recommendations of the Bombay Provincial Delimitation Committee or otherwise, they should forward their written views to him before the 1st of September

1935. In accordance with this letter, I am directed to send to you hereby the views of the Committee of this Chamber regarding the suggestions put forward by the Bombay Provincial Delimitation Committee, as also one or two other matters affecting the representation of the Indian commercial community in the Provincial Legislatures as well as Federal Legislatures.

The Indian Merchants' Chamber was established in 1907 and was the first corporate association established representing general interests of Indian business all over India. Under the Montague-Chelmsford Reforms Scheme, this Chamber was given the seat set aside for Indian commerce in the Bombay Legislative Council. This Chamber is the only body which is privileged to enjoy the exclusive and continuous seat representing Indian commerce in the Indian Legislative Assembly. This Chamber also enjoys the privilege of sending representations to the following public bodies on behalf of the Indian commercial community:—

- The Indian Legislative Assembly
- The Indian Central Cotton Committee
- The Governing Body of the Indian Mercantile Marine Training Ship "Dufferin"
- The Indian Sailors' Home Committee
- The Panel of the Railway Rates Advisory Committee
- The Bombay Legislative Council
- The Bombay Municipal Corporation
- The Bombay Port Trust
- The Senate of the Bombay University
- G. I. P. Railway Local Advisory Committee
- B. B. & C. I. Railway Local Advisory Committee
- Group Meetings with Railway Agents
- The Advisory Committee of the Bombay Development Department
- The Bombay Traffic Control Committee

The Bombay Road Board

Advisory Committee of the Royal Institute of Science

The Bombay Telephone Company

The Committee to examine names recommended for the appointment of Justices of the Peace for Bombay.

During the period which has elapsed since the Montague-Chelmsford Reforms Scheme came into operation, the representatives of the Chamber on both the Legislative Assembly and the Bombay Legislative Council,—who have been on the whole men of unquestionable talents and capacity—have voiced the sentiments and feelings of the Indian commercial community and there has been no occasion on which the representative character of the Chamber has been challenged.

A representation was made by the Committee of this Chamber to the Government of Bombay on 29th September 1932 in reply to a letter from them asking whether any changes were required in connection with the electoral rules in the present position of the Commercial constituency. A copy of the reply is attached herewith (*Appendix A*).

The Lothian Committee which considered all those questions definitely recommended that one seat should be given to this Chamber for the Provincial Legislative Assembly and one seat for the Federal Assembly. The Lothian Committee made the following observations in paragraph 323 of their Report:—

“We have given consideration to the claims for special representation advanced by organizations speaking for trade and commerce in various provinces other than those already represented. The commercial and industrial organisations now recognised, for the purpose of representation in the legislatures are, in our view,

fully capable of representing the interests of industry and commerce as such."

They also remark in paragraph 421 of their Report as follows:—

"We would allot four seats in the Assembly to Indian commerce and four to European commerce, three members in each case to be elected as at present by the commercial organisations in Calcutta, Bombay and Madras which are specified below:—

Indian Commerce:

Bengal National Chamber of Commerce	I
South India Chamber of Commerce	I
Indian Merchants' Chamber and Bureau	I
Federation of Indian Chambers of Commerce and Industry should be empowered to elect a member to represent provinces other than the three Presidencies	I

European Commerce:

Bengal Chamber of Commerce	I
Bombay Chamber of Commerce	I
Madras Chamber of Commerce	I
The Associated Chambers of Commerce should be empowered to elect a member to represent provinces other than the three Presidencies	I

My Committee may be allowed to point out extracts from the speech of Sir Chimanlal Setalvad, the then General Member of the Executive Council of the Government of Bombay on the debate which took place on 19th February 1923 in the Bombay Legislative Council, which explicitly stated the views of Government with regard to the position held by this Chamber as a leading Chamber of Commerce vis-a-vis sectional and trade interests claiming special representation (*Extracts are given in Appendix B*).

The Bombay Provincial Delimitation Committee was appointed by the Government of Bombay in June 1935 and my Committee addressed them a representation setting forth their claim to representation on the Bombay Legislative Assembly and also on the Bombay Legislative Council. A copy of this representation is appended herewith as Appendix C.

The Bombay Delimitation Committee in their report published recently acknowledge the representative character of this Chamber and recommend that the one seat at present enjoyed by the Chamber in the Local Legislative Council should be continued to them in the Bombay Legislative Assembly. Writing with regard to this Chamber, they observe in paragraph 35 of their Report as follows:—

“In our opinion none of these associations is of sufficient importance to be entitled to representation in a Commerce constituency, either singly or combined with others. If special representation is to be given to Commerce, it is in our opinion essential that the associations which form these constituencies should be well established and of such standing and importance that they could be relied upon to send to the Assembly as their representatives men of outstanding ability and experience, whose expert knowledge would be of help to the legislature. None of the associations from whom representations were received by us is in our opinion better entitled to represent Indian commerce than those which form the existing constituencies and the continuance of which the Commissioners have recommended. We considered also whether it would not be possible to combine with the existing associations some of those which have now applied for representation, but came to the conclusion that this was neither desirable nor necessary. The two Millowners' Associations which enjoy seats at present represent adequately and efficiently the interests of the mill industry in the two principal centres of that industry in the Presidency, while the Indian Merchants' Chamber

is in our opinion thoroughly representative of the interests of Indian commerce generally and is best fitted to represent those interests in the provincial legislatures." (*Italics are ours*).

Under the circumstances, my Committee trust that the recommendations made by the Bombay Provincial Delimitation Committee will not only find support from the Indian Delimitation Committee, but our plea for a second seat will receive favourable consideration.

The Bombay Provincial Delimitation Committee have recommended in their report that the allocation of seats for trade and commerce should be as follows:—

Bombay Chamber of Commerce	2 seats
Bombay Trades Association	1
Bombay Millowners' Association	1
The Ahmedabad Millowners' Association	1
The Indian Merchants' Chamber and Bureau	1
The East India Cotton Association	1

It will be seen from this that three seats are to be given to special interests represented by the Bombay Millowners' Association, Ahmedabad Millowners' Association and the East India Cotton Association, Ltd. On the wisdom or necessity of this my Committee desire to say nothing. There remain for general as opposed to special interests four seats, out of which two are given to the Bombay Chamber of Commerce, and one to this Chamber and one to the Bombay Trades Association. My Committee have always contended that, once the principle that European commerce should have seats on Indian legislatures is accepted, the scale of justice must be held even between the claims of European and Indian commerce. Having regard to the extent and volume of Indian business which they claim is very much bigger than the trade handled by

Europeans, they submit that the least that can be done is that they should have two seats on the basis of the two given to the Bombay Chamber of Commerce. They beg to protest, however, very strongly against their being placed on a par with the Bombay Trades Association which has a very limited membership of traders and shopkeepers in the Fort area and whose outlook is necessarily limited and financial interests comparatively negligible. My Committee cannot understand the basis of this division of the seats for general commerce in which one seat is given to the Bombay Trades Association and the Indian Merchants' Chamber should be asked to rest satisfied with one seat only. In this connection my Committee would like to quote a reply by the General Member of the Executive Council of the Government of Bombay, to the Hon'ble Member representing the Trades Association who pleaded then that they should have a representative on the Bombay Port Trust. The following was the reply given by Sir Chimanlal Setalvad:—

“You have a recognised body like the Indian Merchants' Chamber and Bureau for the commercial interests of Indians, you have the Bombay Chamber of Commerce representing European merchants, and any person who wants to go on to the Board of Port Trust must get into either Chamber, and seek election to the Port Trust.”

Now that weightage is given to Europeans who are given three seats for the Bombay Legislative Assembly, there is no reason whatsoever why members of the Bombay Trades Association should not seek election and enjoy their franchise through that channel. My Committee feel that while weightage given to the European community as such may be sought to be justified on account of political reasons, there appear to be no ground whatsoever for giving similar weightage to them in the seats reserved for general commerce and ignoring the claims of Indian commerce. The extensive and preponderating stake of Indian commerce in the country appear to be deliberately minimised and treated

with indifference. There are thousands of Indian firms like the firms which are members of the Bombay Trades Association and all of them together with manufacturers, wholesale houses, merchants, brokers and others have to rest satisfied with one seat given to the Indian Merchants' Chamber as their representation in the Bombay Legislative Assembly. It has been suggested in the Anglo-Indian press that Indian commerce will have some representation even by election through the general seats. The same argument applies to Europeans in an overwhelming degree and it is so obvious that the European merchant stands much greater chance of being returned from the general constituency. The population of Europeans in the Presidency is 18,000 and they are going to be represented by six members in the Bombay Legislative Assembly, a numerical advantage enjoyed by no other community or interest. My Committee beg to suggest that an extra seat should be found for this Chamber and that the one seat proposed to be given to the Bombay Trades Association be given to them, making two seats for the Indian Merchants' Chamber. This is the last that can be done in fairness to remove the inequality in representation between European and Indian commerce.

In this connection my Committee beg to append herewith a copy of a representation to the Government of Bombay signed by representatives of thirty-six leading trade associations strongly protesting against the inequality in representation between the European commerce and Indian commerce visible in the distribution of seats for general commerce in the report of the Bombay Provincial Delimitation Committee and strongly urging that the Indian Merchants' Chamber should be given two seats in the Bombay Legislative Assembly. This is a weighty document as it practically represents the views of all the leading commercial associations which have joined together in urging that "two seats should be apportioned to the Indian Merchants' Chamber as representing Indian commerce."

The Committee of this Chamber find from the schedules to the Government of India Act, that commerce is not to be represented on the proposed new Bombay Legislative Council. The place of organized commerce in a second Chamber is extremely appropriate and it must be provided if the objective of the constitution ultimately is the removal of seats reserved for commerce and other interests in the Lower House. If there is going to be provision for representation of general commerce, my Committee beg to put forward the claim of this Chamber for representation on the same.

The Indian Merchants' Chamber represents more than sixty different types of business and has on its roll eighty-eight leading Joint Stock Companies, Insurance Companies, Banks, Steamship Companies and has, besides, thirty Associations representing different trades affiliated thereto, holding a membership of about 6,000. The Chamber's general membership is about 600. A full list of different trades which are represented on this Chamber with members belonging thereto, is given herewith as Appendix D. My Committee beg to give also as Appendix E, a summary of the subjects that have been discussed and considered by them for some years. A scrutiny of this list will show the wide and catholic range of subjects not restricted to one section of trade but of interest to all Commerce. Trade Associations claim to speak on behalf of their particular trades, but this Chamber has concerned itself with the general and public interests of the Indian commercial and industrial community. This Chamber has, as mentioned above, 30 Trade Associations affiliated to it and these Associations have representation to the extent of 40 per cent on the Committee of this Chamber, thus bringing them into direct and intimate touch with the working of the main executive. My Committee mention these facts for the special notice of the Indian Delimitation Committee to show how they fully deserve the representation which they have been enjoying in the Montagu-Chelmsford Reforms Scheme and whose continuation the Lothian Committee recommended in the Federal Assembly.

The Federal Assembly will perhaps be of much more importance than the present Legislative Assembly with regard to its powers, with regard to the subjects which it will be entitled to consider and with regard to the All-India nature of its constitution specially as the Indian States will be represented on the same. Commerce and Industry will be then, as now, subjects of fundamental importance. India is expected to make a rapid progress in trade, industries and commerce and at such a time the presence of representatives of Indian commerce is essential in the Federal Assembly.

Under the circumstances, my Committee trust that the Indian Delimitation Committee will be pleased to continue in the Federal Assembly the seat hitherto allotted to this Chamber. (*The Appendices are not printed here*).

APPENDIX 111

Representation of the City of Bombay in the reformed Provincial Legislature.

Letter No. 2999 dated 30th November 1935 from Chamber to the Chief Secretary to the Government of Bombay.

I am directed by the Committee of this Chamber to address you in regard to a representation made by the Bombay Municipal Corporation regarding

- (1) The Bombay Provincial Delimitation Committee's Report on Delimitation of Constituencies for the City of Bombay; and
- (2) allotment of a larger number of seats to the City of Bombay on the reformed Legislatures.

My Committee do not wish to traverse the various grounds put forward by the Municipal Corporation in their representation, but they feel that there is much weight in the same and that the representation for Bombay City is inadequate. The Committee of the Chamber trust Government will examine carefully the case for the City stated

by the Corporation and will ask the Hammond Committee to do all they can for holding the balance even between rural and urban interests.

APPENDIX 112

Voting rights of Association-Members affiliated to Constituent bodies forming Commerce Constituencies

Letter dated 10th December 1935 from the Secretary, Indian Delimitation Committee to Mr. Manu Subedar, President of the Chamber.

I am directed by Sir Laurie Hammond to enclose herewith a copy of a letter which I have addressed to Sir Purshotamdas Thakurdas.

The Committee would be most grateful if your Chamber would examine the matter and give it the benefit of their considered opinion.

Copy of a letter dated 10th December 1935 from the Secretary, Indian Delimitation Committee to Sir Purshotamdas Thakurdas.

I am directed by Sir Laurie Hammond to address you this letter.

During the course of your examination today the Committee asked you if you could give it the benefit of your views on a question which had arisen not only in Bombay but in every province in connection with Commerce Constituencies.

For instance, the Indian Merchants' Chamber contains among its members a number of affiliated Chambers or Associations. The Committee would appreciate an expression of your views as to the relative importance which you would attach to the various affiliated bodies in regard to the franchise. Should each affiliated member of the central body have the same vote as an individual member of the central body? The Indian Merchants' Chamber has 300

individual members and there are about 30 bodies affiliated to it. Each affiliated body may have on its list of membership some 100 or 200 members.

It is understood that for the purpose of electing a representative to one of the legislatures, each individual member casts one vote, and, it is understood, that an affiliated Association would also be restricted to one vote.

The Committee would be most grateful if you could let it have your considered views and suggest any better system.

I am sending a copy of this letter to Mr. Manu Subedar of the Indian Merchants' Chamber, inviting the views of that Chamber also.

Letter No. 3162 dated 18th December 1935 from Chamber to the Indian Delimitation Committee.

With reference to your letter dated the 10th December 1935, Bom. No. 20, I am directed by the Committee of this Chamber to reply to you as under:—

The Chamber is at present governed with regard to election of its representative on the Bombay Legislative Council (present) by Rule 7, Schedule II of the Bombay Electoral Rules and Regulations. With regard to election of its representative on the Indian Legislative Assembly, it is governed by Rule 9, Part II of Schedule II of the Legislative Assembly Electoral Rules. The Chamber itself has got a rule that every Association-Member will have one vote, just as every individual, firm or company has also got one vote.

The Committee of this Chamber have been considering for some time if the Association-Members should not be given more votes for the purposes of elections to the Central and Provincial Legislatures. The General Meeting of the Members of the Chamber passed the following resolution in this connection on 30th July 1935:

“In order to widen the franchise of the Chamber for purposes of elections to the Legislatures the number of

representatives from Associations affiliated to the Chamber on the Chamber's Electoral Roll should be increased from one to ten, maximum.

PROVIDED that these ten are members of the Committees of the respective Associations; and that where an Association has got more than ten members on its Committee, the ten representatives to the Chamber should be selected by it from among members of the Committee.

These ten will be there only for purposes of elections to the Legislatures, while the Association will, as now, be represented for all other purposes of the Chamber by one representative, who will be one of the ten named by the particular Association. A fee of Rs. 5 be charged per annum to such members of the affiliated Association over and above the usual fees paid by the Associations themselves."

A legal difficulty was pointed out as to whether such representatives of the affiliated Associations could be regarded as members of the Chamber in terms of the Electoral Rules above referred to. This difficulty is at present being examined by our lawyers. This is the position with regard to Association-Members of present.

It may be pointed out that there is a mistake in the fourth paragraph of your letter under reply, wherein you say that the Indian Merchants' Chamber has 300 individual members. This is not correct; the Chamber having at present 533 members excluding the Association-Members.

My Committee may be allowed to refer to one another matter, which was placed before our representatives before your Committee. They were asked their opinion about an income-tax limit being imposed on the members of the Chamber as a qualification for being a voter. It was suggested that a member, who was paying income-tax on an income of Rs. 10,000 on an average of three years, would alone be entitled to have his name on the electoral roll, thus adding one more qualification to the qualifications of membership of the Chamber required for a person's name

on the electoral roll of a Chamber of Commerce. Our representatives were not in favour of this suggestion. My Committee agree with them that such a suggestion cannot be accepted. Membership of a Chamber of Commerce should be in itself a sufficient qualification for the electoral roll. Not only that, but this suggested income-tax qualification might lead, my Committee apprehend, to several complications. A very good merchant and businessman, who might be fitted for voting and even for standing as a candidate, might make a loss on his business in one year and even his three years' average might not show the required Rs. 10,000. Your suggestion will lead to even such people's name being removed from the electoral roll. Not only that, but, as your Committee might be aware, credit is the soul of business. If a man has made a loss, the outside world does not generally know it, and information before the Income-Tax Department is confidential. If however a businessman's name is to be removed from the electoral roll of a Chamber of Commerce, this fact will become known to the whole of the business community, and this may do him an irreparable harm, not only to his public life but even to his business. People, therefore, either will refrain from joining a Chamber of Commerce or will resign their membership as soon as they have made certain losses. On these considerations, amongst others, my Committee are strongly opposed to the introduction of any further qualifications for the electoral roll of a Chamber of Commerce.

APPENDIX 113

Electorates for Commerce Constituencies—Financial qualifications for Voters

Copy of letter No. F.1758 dated the 8th December 1935 from the Federation of Indian Chambers of Commerce and Industry to all Member-Bodies.

"I am directed by the President to enclose a copy of the two communications received from the Indian Delimitation Committee regarding certain suggestions that have been

advanced during the course of the evidence before them and to state that as the Delimitation Committee have asked for views of the Federation on the suggestions, the President feels that an appropriate reply incorporating the views of the Federation should be submitted to the Delimitation Committee.

The first suggestion relates to admission of individuals (as distinct from companies and firms) to the electorate for the seats reserved for representatives of commerce and industry. If the suggestion as made out in paragraph 3 of the enclosed letter is accepted, it will deprive organised commerce or industry of its representativeness. It will make the activities of such Chambers nugatory and the position which they hold at present as the spokesmen of commercial interests will disappear. The other inevitable danger of making the representative of commerce responsible to none will also follow and his views and actions in the Legislature will not be controlled by any organised body of commercial opinion. The President, therefore, feels that the Federation should strongly oppose the admission to these electorates of any persons, companies or firms outside the membership of commercial chambers or associations which are entitled to send in representatives to the Federal or Provincial Legislature. The Chambers or Associations must have the right to recall their representative in case of any eventuality, which position, if the suggestion is accepted, will not be tenable and the representative will be at liberty to air his views and take any action as he likes which may sometimes go against the considered views of the organised commercial opinion in that particular province. The suggestion should, therefore, be definitely opposed, and it should be further made clear that in case of persons who possess capital employed in commerce or industry or who pay income-tax on an income derived from direct participation in commercial or industrial operations of substantial nature, if they are so anxious as to have a say in the choice of representatives of commerce and industry in the provincial and central legislatures,

there is nothing to prevent them from becoming members of the commercial chamber or association which is entitled to send the representative.

The second suggestion is that in addition to the membership of a commercial chamber or association, it should be necessary to possess certain minimum financial qualifications. By such qualification is meant that a person paying a certain amount of income-tax to be calculated on five years' average on income derived from direct participation in commercial or industrial operations should be entitled to be on the electorate. The grounds put forward in the enclosed letter in support of this suggestion seem to the President to be reasonable and the President would very much welcome the views held by the Member-bodies and Members of the Committee on this important suggestion. He feels that after all, a commercial chamber or an association entitled to fill in a seat in the provincial or federal legislature is a body of vested interests in the country and as such, the electorate of such a body cannot without justification be widened to include a large number of firms or individuals whose general commercial and financial standing is neither of them substantial. These smaller trades may not find a place in the electorate of such a constituency of the Chamber, but they will certainly be in a position to express their point of views by their being members of the Chamber though not forming a part of the constituency. If the Federation accepts this principle of having a certain minimum financial qualification for a person or a firm to be on the electorate of the Chamber, it may not be difficult to adjust the minimum qualification according to the status which commerce and industry has in a particular province; for example the minimum qualification held to be adequate for the electorate of a commercial constituency in the Bombay Presidency may be found to be too high for a similar constituency in the Sind Province, and these qualifications are bound to vary according to the conditions prevailing in the individual provinces. It can further be conceded that the constituency for the election

of a representative to the Provincial Council may not be identical with the constituency for the election of a representative to the Federal Legislature, but once the principle is accepted, this adjustment could be made according to the requirements of the individual provinces.

In paragraph 5 of the enclosed letter, the Delimitation Committee want to have an indication as to the minimum financial qualification which it would be appropriate to prescribe in case of seats reserved for representatives of commerce in the Federal and Provincial Legislatures. It is felt that the Federation, beyond accepting the principle incorporated in paragraph 4 of the Delimitation Committee's letter, should not commit itself to any expression of opinion regarding the minimum financial qualification for the formation of an electorate to fill in a seat to Provincial Legislatures and it should be left to the various Member-bodies which should be entitled, under the Government of India Act, to forward their representatives to Provincial Legislatures, to decide upon the minimum financial qualification. But it is necessary to give an indication about the minimum financial qualification in respect of electorates that would be formed in the provinces of Bombay, Bengal and Madras and also for non-provincial seats to fill in seats allotted to commerce and industry in the Federal Legislature, and the President would much appreciate a definite expression of opinion from the Member-bodies and Members of the Committee on this point.

I am directed to reiterate the points on which expression of opinion is invited by the President from the Member-bodies and Members of the Committee:—

- (i) Whether the electorate should be restricted to the members of a commercial chamber or association or whether it should be general to include companies, firms and individuals possessing capital employed in commerce or industry or paying income-tax on income from commercial or industrial operations;

- (ii) (a) Whether in the event of membership of certain prescribed chambers of commerce or commercial associations being accepted as the qualification, there should be an additional qualification of possessing certain minimum financial status; and
 (b) Whether this principle should apply in case of electorates of both the Federal and Provincial Legislatures.
- (iii) In case of the acceptance of the second suggestion, what should be the definition of minimum financial status entitling a person, company or a firm to be on the electorate for filling in the seat in the Federal Legislature?

As you are aware, the Delimitation Committee would be submitting their report to the Secretary of State by the third week of January next and they have, therefore, asked the views of the Federation by 20th December, but they have been requested to accept the views as late as 23rd December next. The Member-bodies and Members of the Committee are, therefore, earnestly requested to give there immediate attention to the communication and to be good enough to furnish the Federation with their views on the points raised above. As the President and the Vice-President and the Secretary will be on tour, it is requested that the replies to this should kindly be forwarded to Calcutta at the following address:—

D. P. Khaitan, Esq., 8, Royal Exchange Place, Calcutta."

Copy of D.O. Letter No. L.202/Delhi-15 dated Camp India, the 4th December 1935, from the Secretary, Indian Delimitation Committee to the Secretary, Federation.

"I regret that owing to an oversight, my letter No. L.122/Delhi-15, dated the 27th November, inviting your Federation to give evidence before the Indian Delimitation

Committee was addressed to Calcutta and not to Cawnpore. In case it should not have reached you, I enclose a second copy, and will be glad to receive a reply to it as early as conveniently possible.

I note in the same connection that no reply appears to have been sent to your letter No. F.1513, dated the 6th November, enquiring the latest date by which you may wish to make regarding the filling of the non-provincial commercial seats in the Federal Legislature should be addressed to the Committee. I am asked to say that the Committee will consider these matters at Delhi on the conclusion of their tour towards the end of the present month, and that they would much appreciate it if they would have an expression of your views on the subject if possible not later than the 20th December, so that they can have an opportunity of giving those views consideration before your representatives appear to give evidence".

ENCLOSURE TO ABOVE

Copy of D.O. No. L.122/Delhi-15, dated Camp India, the 27th November 1935, from the Secretary, Indian Delimitation Committee to the Secretary, Federation.

"I am desired by Sir Laurie Hammond to say that the Indian Delimitation Committee would greatly appreciate it if it were possible for a representative of the Federated Chambers of Commerce to appear to give evidence before the Committee on their return to Delhi on the completion of their tour of the provinces. As at present arranged they hope to arrive in Delhi on the 24th December, and I am to say that if this time and date were convenient for you, the Committee would be very glad to hear the evidence of your representative on the afternoon of Monday the 30th December at 3-30 P.M. Once I know that the date and time are convenient, I will write to let you know where precisely in New Delhi the Committee will be taking evidence.

The Committee would also be very grateful if they could in advance of any oral discussion with the representative of your Chambers have the benefit of your advice on the following two suggestions which have been advanced in the course of the evidence which they have heard during their tour of the province.

The first suggestion is in connection with the admission to the electorate for the seats reserved for representatives of commerce, industry, etc., of individuals (as distinct from companies and firms). As you are aware, the general basis of the electorate for such seats under the present constitution is membership of a Chamber of Commerce, Trade Association or a similar commercial organisation in those provinces in which such organisation exist. The suggestion has been made that such an electorate is unduly restricted; that there are a certain number of individuals who do not belong to any Chamber or similar commercial organisation which is recognised as a constituency or part of a constituency, but who possess capital employed in commerce or industry or who pay income-tax on an income derived from direct participation in commercial or industrial operations of an amount so substantial as to make it difficult to refuse to admit their claim to be entitled to have a say in the choice of the representatives of commerce and industry in the provincial and central legislatures.

The second suggestion is that, in the event of membership of certain prescribed Chambers of Commerce and similar commercial organisations being accepted as the general basis for admission to the electorate for the commercial seats, it would be desirable to require, in addition to membership of such organisations, the possession of certain minimum financial qualifications. The object of this additional restriction would be in the first place to ensure that the electorate for the seats now under consideration is one of definitely high financial standing and character, and such that it will ensure that the representatives returned to fill those seats are competent to speak with authority on the

major aspects of commercial, economic and financial policy in so far as these may come up for consideration either directly or indirectly in the legislatures. A second object is to reduce to a minimum the risk that at any stage it might be possible for interested individuals materially to alter the character of the electorate for one of the commercial seats now under consideration by flooding the Chamber or Chambers forming the constituency with a large number of firms or individuals whose general commercial and financial standing were neither of them substantial.

The Committee would greatly welcome an expression of opinion on both the points discussed above. If the general sense of the Federated Chambers of Commerce was in favour of action on the lines described in paragraph 4 the Committee would much welcome an expression of their views, so far as it was possible, as to the minimum financial qualifications which it would be appropriate to prescribe in the case of the seats reserved for representatives of commerce etc., in the Federal and Provincial Legislatures, although they recognise that the conditions of individual provinces vary so materially that it would probably be difficult for the Federated Chambers of Commerce to express any very positive view as to the limit to be fixed in the case of individual provinces."

Telegram dated 18th December 1935 from Chamber to the Federation.

Reference your No. 1758, dated 8th instant, reply of my Committee to queries one and two is in the negative.

Letter No. 50 dated 9th January 1936 from Chamber to the Government of India, Reforms Department.

The Indian Delimitation Committee had, in their letter No. L.122/Delhi-15, dated 27th November 1935, invited the views of the Federation of Indian Chambers of

Commerce and Industry on the following points regarding the formation of electorates for commercial constituencies:—

- (1) Whether the electorate should be restricted to the members of a commercial chamber or association or whether it should be general so as to include companies, firms and individuals possessing capital employed in commerce or industry or paying income-tax on income from commercial or industrial operations; and
- (2) Whether in the event of the membership of certain prescribed Chambers of Commerce or commercial associations being accepted as the qualification, there should be an additional qualification of possessing certain minimum financial status.

The Federation in its turn invited the views of my Committee and they have in reply opposed the changes involved in the suggestion. They take this opportunity of communicating to Government also their views on the points in question.

On the question of enlarging the electorate so as to include companies and firms possessing capital employed in commerce or industry, and individuals paying income-tax on income from commercial occupations, my Committee strongly feel that the introduction of the change would be against the best interests of the commercial community in general and of the organised Chambers of Commerce and Commercial Associations in particular. The reasons advanced by the Delimitation Committee in favour of the change are unconvincing. The fears expressed by them that in commercial constituencies as at present formed, considerable commercial and industrial interests go unrepresented, are highly exaggerated. From my Committee's experience, it can be safely asserted that members, either in their own right or as members of the various affiliated associations, of organisations forming the electorate for commerce constituencies, are amongst the most substantial and important

in the commercial community. Cases of this kind envisaged by the Delimitation Committee of companies and individuals employed in commerce or industry not being members of any commercial organisation are in the nature of exceptions, and it should be the anxiety of the authorities in formulating their scheme for representation to be guided by the general rule and not by the exceptions. Moreover, it must be remembered that such non-affiliated commercial interests could, if they choose, without any difficulty enfranchise themselves by becoming members and can have their voice in the choice of representatives of commerce and industry:

In this connection my Committee would like to invite your attention to paragraph 320 of the Report of the Lothian (Franchise) Committee, explaining the genesis and the *raison d'être* for separate representation for commerce. The essence of such representation is that the Legislature should have before it expert advice and expressions of opinion from authoritative quarters on the problems coming up before that Body in the domain of Commerce, Finance and Industry. My Committee venture to suggest that that objective is being signally served by the present arrangement. The opinions expressed on such questions by representatives elected by Commercial Organisations are necessarily the opinions held by the Organisations themselves, after synthesising the various conflicting interests referred to by the Franchise Committee. If the primary object of providing the Legislature with expert advice is to be served, a system which would make available the collective wisdom of an organised body of commercial and industrial experts should any day be preferred.

My Committee would like in this connection to draw the particular attention of the Government of India to the following remarks of the Indian Franchise Committee in paragraph 320 of their Report:—

“While general constituencies may not infrequently return individuals whose knowledge and experience is

such that they can make contributions of value in discussion on commercial and industrial questions, those members speak primarily as representatives of their general constituencies and they may on occasion find that the claims of their constituencies are difficult to reconcile with a wholly dispassionate examination of particular economic issues."

On occasions of the kind contemplated by the Franchise Committee, a representative chosen by a Commerce constituency, unorganised and scattered as suggested by the Delimitation Committee would not be able to strike the balance as effectively and as fearlessly and impartially as one chosen by a compact and organised constituency like a Chamber of Commerce, guided as he is by the mandates given and the collective opinions expressed by that body. Later on in paragraph 324 of their Report the Franchise Committee observe:—

"As regards the method of representation of Commerce, we are satisfied that the method of representation through associations has worked fairly satisfactorily in the past and we recommend that it should be continued in the future."

The present arrangement has also been very strongly supported by the Government of India in their Memoranda to the Simon Commission in the following words:—

"the recognition of Chambers of Commerce as electoral constituencies is a privilege which has long been enjoyed. The arrangement succeeds in securing men of weight in the commercial world as members of the legislatures. It sends them to the legislatures with a mandate from an authority which remains competent to enforce it, and it facilitates their continuous attendance. A Chamber can always get its representative to resign if he cannot attend the legislature, and can elect another without difficulty, whereas the process of substituting a representative of a general constituency is far more cumbrous."

After such authoritative expressions of opinion, it is inconceivable that the Delimitation Committee should think of recommending a change, which will frustrate the very object of special representation for Commerce and Industry.

On the question of adding a financial qualification for members of the commercial organisations forming the electorate for Commerce constituencies, my Committee are unable to agree with the arguments advanced by the Delimitation Committee. The proposal, although *prima facie* it may seem to be simple and unobjectionable, will introduce complications and will have far-reaching repercussions. The difficulties have been stressed in my letter to the Delimitation Committee, dated 18th December, a copy of which is being sent herewith. Confidence is the essence of business success and any arrangement which would make available to third parties their business results will be seriously resented by the commercial public. The Income-tax law of the country has laid down that the disclosures by a public servant of particulars in regard to the Income-tax position of any assessee shall be a penal offence. The sanctity of such information supplied in confidence is bound to be seriously jeopardised by the periodical scrutiny of such an electoral qualification. Moreover, my Committee are not at all convinced of the necessity for imposing such an additional qualification. As it is, the right of representation is enjoyed by responsible Chambers and Associations who have their own rules regulating admission of members. They may be trusted to jealously take care of their reputation and standing and to regulate their membership in a manner which will not prejudicially affect their standing and status. Occasional accession of membership of a Chamber of Commerce at the time of elections to the Legislatures, my Committee submit, cannot be described in the manner in which it has been referred to by the Delimitation Committee in the following remarks:—

“A second object is to reduce to a minimum the risk that at any stage it might be possible for interested

individuals materially to alter the character of the electorate for one of the commercial seats now under consideration by flooding the Chamber or Chambers forming the constituency with a large number of firms or individuals whose general, commercial and financial standing were neither of them substantial."

It is not unnatural that firms and individuals should seek to get on the electoral roll of a commercial constituency, in the same manner in which, at the time of a general election it is sought by individuals in the general constituencies, nor is it true that such new members are necessarily "firms or individuals whose general commercial and financial standing were neither of them substantial." It is also incorrect to say, as may be testified from the experience of my Committee in this connection, that the electorate was materially altered by such accession of new members, which has but varied from two to five per cent and from past experience it may be said that such accession of new members in anticipation of election was not at any time reflected on the ultimate result.

There is also another difficulty. There are some firms and individuals who are members of several Chambers of Commerce in the different parts of the country where they have got their branches and business, but where small income-tax is paid. It is not clear how their income will be considered for the purpose of the electoral rolls for the different commerce constituencies.

Then again the question of the extent and the standard of such minimum qualifications will also present serious difficulties. The Delimitation Committee have themselves recognised that between Provinces there will have to be variations in the standard. Even in one Province which comprises more than one commercial centre, the imposition of a uniform standard may be found to be inequitable from the standpoint of the smaller centre. Such distinctions in standards will be invidious and is bound to introduce various unnecessary complications.

My Committee are, therefore, opposed to the changes suggested by the Delimitation Committee and strongly hold that the present method of representation through organised Chambers and Associations fulfils in the best possible manner the object for which such separate representation is designed.

APPENDIX 114

Supply of information by Income-tax authorities regarding preparation of Electoral Roll

Letter No. 2749 dated 14th November 1935 from Chamber to the Government of India, Reforms Department.

The attention of the Committee of this Chamber has been drawn to a difficulty experienced with regard to the new electoral roll which is being prepared for the forthcoming election of the Council of State. The Collector of Bombay has issued Press-Notes to the effect that

“persons possessing the income-tax qualifications should either produce certificates from the Income-tax Officers concerned or receipts of payment of super-tax from the Bank or notices of demand of income-tax showing that they were assessed to income-tax in the year 1934-35 on an income of not less than Rs. 30,000.”

Such press-notes appearing in some papers are often not noticed by the income-tax assesses who therefore do not get their names registered in the Electoral Roll. It also happens that these income-tax assesseees do not want to undergo all the trouble of getting certificates and writing to the Collector or often they do not know what they are expected to do. What my Committee would suggest therefore, under such circumstances, is that the Income-tax Department should inform the local Reforms Commissioner of the names of people who are paying income-tax on incomes

of more than Rs. 30,000 per annum. The Income-tax Department at present, my Committee are informed, do not follow this procedure, on the ground that under Section 54 of the Income-tax Act such information with the Income-tax Office is considered confidential. Even at present the Income-tax Department supplies the Reforms Commissioner with names of people who are paying income-tax and all this list is incorporated in the list of voters for the Assembly elections, both present and the new. My Committee do not see any reason why such a course should not be adopted with regard to the income-tax assesseees of incomes of more than Rs. 30,000 per annum, specially as such a procedure will make the Electoral Roll for the Council of State thoroughly comprehensive. My Committee trust that the Government of India will be pleased to ask the Income-tax Department to adopt this procedure and take early steps in this direction as the Electoral Roll is being prepared at present and may be closed shortly.

There is also another suggestion my Committee would like to make. This is that the Income-tax Department may send certificates direct to the income-tax assesseees to the effect that they are paying income-tax on incomes of more than Rs. 30,000 per annum, so that these assesseees will then have merely to send these certificates to the Reforms Commissioner and get their names incorporated in the Electoral Roll.

My Committee request and hope that an early action in this direction will be taken so as to be useful to those on whom the constitution confers the right to vote and some of whom are through the procedure now adopted likely to be denied the right.

Copy of Letter C. No. 606-I.T./35, dated 13-12-1935 from the Government of India, Finance Department (Central Revenues), New Delhi, to the Secretary, Indian Merchants' Chamber, Bombay.

In reply to your letter No. 2749 dated the 14th November 1935 addressed to the Secretary to the Govern-

ment of India, Reforms Department, I am directed to state that the question raised by your Chamber is at present under the consideration of the Government of India. It is, however, not likely that a decision will be arrived at in time for the forthcoming elections to the Council of State. The suggestion made by your Chamber in the penultimate para of your letter will be duly considered.

APPENDIX 115

Revision of the Constitution of the Federation of Indian Chambers

Letter No. F.37 dated 8th January 1935 from Federation to Chamber.

(See File R. 2 (a) of 1935).

I beg to enclose herewith a copy (*not printed*) of the suggestions made by the Sub-Committee appointed by the Committee of the Federation regarding the Revision of the Constitution. These will come up for consideration at the next Meeting of the Committee to be held on the 3rd and 4th March 1935, and the Committee will adopt these suggestions with such modifications as they deem fit after taking into consideration the suggestions received from the Member-bodies thereon and place the same before the General Annual Meeting for adoption. You are, therefore, requested to kindly forward to me your comments on the suggestions made by the Sub-Committee, to reach this office not later than 15th February 1935.

Letter No. 231 dated 25th January 1935 from Chamber to Federation.

I am directed to acknowledge receipt of your letter No. F.37, of the 8th instant, and in reply, to send to you hereby the views of my Committee on the recommendations

of the Sub-Committee of the Federation in connection with the above.

Clause 5.—My Committee do not see any necessity for the addition proposed to this clause. Under the existing clause 5, the Executive Committee of the Federation have powers to refuse any application for membership without assigning reasons. This is a sufficient safeguard, and they are opposed to the addition proposed to this clause.

New Clause 7 (e).—My Committee had, in this connection, on an earlier occasion suggested that the fee for delegates to the annual session should be Rs. 10 only and that it should also be provided that the fees of such delegates who may not be able to attend the session should be refunded. They wish to reiterate their views in this regard.

Clause 11.—The concluding sentence of clause 11 as it exists today reads: “no action shall be taken by the Federation in its collective capacity except on the resolutions carried by a majority of two-thirds of the votes given thereupon”. My Committee regard this provision as an attempt to annihilate the sovereignty of the General Body of the Federation. It is most unusual to provide for any definite majority for the ordinary work of the Federation. Such provisions regarding two-thirds or a definite majority are usually found only in regard to amendments to the Constitution, but for the transaction of the ordinary business a bare majority should be deemed to be sufficient. This provision in regard to a definite majority would lead to the restriction of the activities of the Federation considerably. Majority rule is an inevitable expedient in public bodies and any attempt to negative the verdict of the General Body in any such manner seems to be pernicious and misdirected. My Committee, therefore, suggest that a bare majority should be deemed to be sufficient for the transaction of the ordinary business of the Federation and

that, therefore, the necessary amendment to this Clause may be made.

Clause 14.—My Committee would like to be told the grounds on which “it was very desirable to make provisions for the Constitution of the Committee so as to make it really representative of the various branches of industry, commerce and trade in which Indians are chiefly interested.” Does it mean that the Committee of the Federation, during the last years, have not been truly representative? If there has been any deficiency in the representation, in which direction has such deficiency been felt, so as to induce the members of the Sub-Committee to make this extraordinary and, as it appears, retrograde suggestion for a change? The principle adopted appears to my Committee to be unsound, because the selection of the industry or trade is arbitrary and involves an invidious distinction between different trades, setting up false standards of importance for certain trades. In the list of trades referred to in the amendment numerous trades and industries, such as rice, grain, seeds, pepper and various miscellaneous agricultural products, chemicals, medicines, drugs, hides, iron and steel, manganese, silk, engineering, glass, seramics, matches and various other lines have been altogether left out. Again on the distribution side, the agency, the shroff and the middleman trades have been given the go-bye. A selection of trades and industries so restricted leads my Committee to suspect that what has weighed with the authors of the amendments is the desire to stereotype representation on the Committee instead of a desire to broaden it. My Committee have not known the Federation to deal with issues by trades, and on the whole the resolutions of the Federation have been overwhelmingly of a broad character affecting more than one trade and industry.

The traditions in Indian commercial organisations have been hitherto that technical trade issues relating to particular industries have been dealt with by the Associations of that particular trade or industry. To the efforts of such

Associations the Chambers of Commerce and the Federation of Indian Chambers of Commerce give assistance whenever their problems touch larger questions of commerce. To abandon this tradition and to make an innovation in a retrograde direction seems to my Committee to be uncalled for and would not result in any advantage to the Federation, but would be a distinct set back.

It is the opinion of my Committee that the Committee of this Federation should consist of the most representative men in the world of Indian commerce and industry, who are respected for their experience and knowledge and who have in the service of commerce and industry put in useful work stretching over a period of years. This object could not be advanced, but, on the contrary, would be actually defeated by the narrow lines on which the Committee is proposed to be constituted under the suggested changes. My Committee must, therefore, oppose this change and they are sure that they would receive considerable support to their point of view from the members of the Federation.

Clause 14 (c).—The existing Constitution provides for the election of the Vice-President of the Federation by the Executive Committee. My Committee would like to alter this procedure. They would desire the Vice-President also to be elected by the General Body, just as in the case of the President, and that for obvious reasons. There is a tradition that the Vice-President becomes the President the following year. The present constitution, therefore, takes away from the representatives of the Member-bodies at the Annual General Meeting, the right of electing their President and puts it in the hands of a smaller body, the Executive Committee. Without any reflection that such a power has not been properly used in the past, as a matter of constitutional clarity, my Committee would like to suggest that the gentleman who desires to be the Vice-President of the Federation should offer himself to the free franchise of the representatives of the Member-bodies at the Annual General Meeting. Besides, in public bodies, my Committee

do not know of a model in which such a practice prevails. Always the President and the Vice-President are elected by the franchise of the General Body. It is in order to remove this unusual feature from the Rules of the Federation that this suggestion is made, and it is necessary that the Federation Constitution should be a model constitution and such abnormalities should, therefore, be avoided.

Clause 15.—My Committee cannot agree to the additional sentence proposed to clause 15 in regard to the provision for the co-option of representatives from Provinces as may have been unrepresented on the Committee by elected members. While conceding that it may be necessary to make up such adjustments in regard to the representation of all Provinces, my Committee cannot agree to a definite provision in the Rules making it obligatory for the elected Office-bearers to take into consideration such factors at the time of making co-options. As heretofore, it should be left to the discretion of the elected Committee.

New Clause after Clause 16.—My Committee are opposed to the proposal setting standards for eligibility to stand for election as members of the Committee of the Federation. It is for the Member-Associations of the Federation to decide as to who their representatives shall be, and as to who shall be eligible for the membership of the Committee. This discretion is an important right of every individual member on which the proposed Rule will impose a serious curtailment.

The other objection to this rule is its vagueness. There is no meaning attached to the words "actively engaged in trade, commerce or industry." Is a man who is an officer of a Bank or a Shipping Company in a high position, one actively engaged in trade, commerce or industry? Apart from men holding salaried positions, there is no line to divide where the interests or authority of an individual in a particular concern begins and where it ends, and whether it

is adequate for the purpose of the Committee. Are the Federation Committee or its President going to set up an Inquisition Court into the status and activities of individual representatives recommended by a Member-Association? Nor are my Committee aware as to how the absence of such a rule has caused any inconvenience to the Federation and as to how its introduction will be helpful.

It must also be realised that the election to the Committee of the Federation is by a general vote at the time of the Annual Meeting. Representatives to the Meeting are responsible people capable of deciding for themselves as to whom they should elect and eliminate anyone whom they may consider undesirable. Such an unfettered right of discretion should continue to remain with them and no limitation should be placed on their judgment of selection by Rules of the kind under discussion.

My Committee are definitely of the opinion that the introduction of such a rule would keep out some of the eminent members of the Member-Associations from the Committee of the Federation. They are, therefore, very strongly opposed to the same.

BYE-LAWS

6 (a) As they remarked on a previous occasion, my Committee are of opinion that three-fourths majority is too high for permission to discuss any resolution on the classified list, but not included on the Agenda. A bare majority should be deemed to be sufficient for the purpose and my Committee, therefore, suggest that the bye-law be modified accordingly.

It should not be necessary for any representative to obtain the previous permission of the President to move amendments to resolutions from the classified list brought forward for discussion at the open session, with the permission of the House, under the proposed bye-law No. 6 (a).

6 (c) It should also not be necessary for any representative to obtain the permission of the President to move an amendment to a resolution which is not on the agenda, but which is brought forward by the Executive Committee themselves on any emergency. Members should have the right of moving legitimate amendments in regard to such resolutions, which after all is to be decided by a vote of the House.

Bye-law 8.—With regard to the election of Office-bearers, the present practice and the bye-laws proposed impose avoidable restrictions in regard to the right of nomination by any member-body. The member-body, for example, is enabled to nominate only any or all of its representatives for election as office-bearers. It should be possible for each member-body to nominate as many representatives as there are offices to be filled up from among all the representatives of all the member-associations. For example, it should be possible for a Chamber to nominate Mr. X for the Presidentship of the Federation although Mr. X may be a representative of some other member-body. That is the common procedure prevailing in all elections and my Committee do not see any reason why member-bodies should be entitled to nominate only such of their representatives as they wish to propose to any particular office in the Executive of the Federation. My Committee, therefore, suggest that the necessary amendments in the direction suggested above may be made in the bye-laws.

They have already communicated their opposition to the system of introducing panels in the Committee and to the question of setting up standards or qualifications for being eligible to be a member on the Committee. Consequently, many changes have to be made in the relative bye-laws which are designed for the election of a Committee on the basis of panels for trades with electoral qualifications for the candidates. My Committee, therefore, suggest consequential changes in bye-laws with a view to remove this objectionable feature.

APPENDIX 116

Rights of Indians in Kenya

Letter No. 744 dated 13th March 1935 from Chamber to the Government of India, Department of Education, Health and Lands.

I am directed to send to you herewith a copy of a letter my Committee have received from the Federation of Indian Chambers of Commerce & Industry, Eastern Africa. The information which is conveyed in this letter is of a grave and serious character and my Committee trust that the Government of India will be pleased to make immediate enquiries into the matter with a view to elucidate facts and to see that the legitimate rights of Indians are not set at naught.

Copy of letter from the Bombay Office of Federation of Indian Chambers of Commerce & Industry of Eastern Africa dated the 8th March 1935 to the Secretary, Indian Merchants' Chamber, Bombay.

‘I take this opportunity of passing on the information that I have received regarding land in Kenya:—

About a year ago the Secretary of State for the Colonies appointed a Commission called the Carter Commission to enquire into the question of demarking the boundaries of Highlands in Kenya. Land in the Kenya Highlands is given to European settlers only and the same is not given to any Indian as a matter of policy. But land could be given to Indians in the Highlands with the consent of the Governor of Kenya. Therefore, there is no statutory bar against Indians getting land in the Kenya Highlands.

There is a move to introduce a legislation which may legally prevent any Indian from acquiring land in the Highlands. Such a statutory bar would be detrimental to the future interests of Indians in Kenya and I, therefore, request that the question be taken up by your Chamber with the Government of India, with a view to elucidate facts on the matter and to prevent any such legislation, which may create a legal bar against Indians acquiring lands in the Kenya Highlands.

Thanking you for this trouble, I remain".

*Letter No. F.214/2/33 L&O dated 23rd. March 1935
from the Government of India to Chamber.*

I am directed to acknowledge the receipt of your letter No. 744, dated the 13th March 1935, with enclosure, and to say that the matter is receiving attention.

APPENDIX 117

Restrictions on Foreigners in Iraq

*Letter No. 2519 dated 16th October 1935 from Chamber
to the Government of India, Foreign and Political
Department.*

The attention of the Committee of this Chamber has been drawn to recent restrictions, reported to have been imposed on foreigners in Iraq as regards their passports and permits for residence in that country. As a number of British Indian traders are residing in that country and carrying on business there, they will naturally be affected by such restrictions, if they are put into operation. I am, therefore, directed by my Committee to request Government to be pleased to enlighten them if they have any intimation regarding these restrictions and, if so, what measures Government propose taking to safeguard the interests of British Indian subjects in Iraq.

APPENDIX 118

Technical Training for Indian Students abroad

Letter No. 2401 dated 30th September 1935 from Chamber to the Government of India, Department of Industries and Labour

The Committee of this Chamber have addressed representations to Government on several occasions in connection with questions relating to the Stores Department since the last several years. They cannot help saying that there has been a good deal of progress marked in the operation of the Indian Stores Department with regard to purchases made in this country and with regard to Rupee tenders, which formed a part of the general policy recommended by my Committee. The question of training of Indian students in factories with which orders were placed by the Stores Department has always been taken up by my Committee and Government have accepted this principle.

In 1921, the Government of India laid down the policy of making India as far as possible independent of outside sources for the supply of materials for the Railways and gave a general undertaking that tenders would be invited annually for locomotive engines and locomotive boilers by the Government during the twelve years commencing from 1923. Among the various conditions that were laid down for inviting tenders, one condition was:

"Firms receiving orders in India will be expected to provide facilities in their works for the training of Indian technical students and where such firms have their main works outside India or are subsidiary companies promoted or closely connected with firms which have their main works outside India, they will be expected to provide there similar facilities to students recommended by the High Commissioner for India in London."

The Report of the External Capital Committee, published in 1925, also recommended that reasonable facilities should be granted for training of Indians, when any industry received any help from Government.

The Report on the work of the India Stores Department, London, issued from the Office of the High Commissioner for India mentions every year the number of applications received by the High Commissioner's Educational Department for practical training from Indian students and the number of cases in which the Department succeeded in placing the applicants in suitable firms. My Committee would like to be informed why some of the applicants could not be given the facility for training which they were seeking. They would further like to know whether all the different factories in which Indian students were so placed by the High Commissioner were located in the United Kingdom only or were located in countries on the Continent also. Government have been placing their orders not only in the United Kingdom but also on the Continent, and there is no reason why Indian students should not be placed in Continental factories also when the students make an application.

While my Committee recognise and appreciate what has been done upto now in the direction of technical training of Indian students abroad, they are of opinion that there is room for greater progress in this direction. Great attention is being paid in this country to the development of industries and it is being felt more and more that our youngmen should secure technical instruction more in preference to general education in Arts. It may also be that with Provincial Autonomy local Legislatures and the local Ministry may devote greater time and attention to the development of local industries. Looking to all these facts, it is very essential that the training of Indian students in technical factories and concerns should be encouraged more and more by Government. It is with a view to securing this end that my Committee request Government that it should be laid down as part of their Stores Purchase

policy that whenever any orders are placed by the Stores Department or the Railways or the Military Department or orders are placed through the office of the High Commissioner for India, all contracts should contain a specific clause to the effect that Indian students will be taken for training by the factories concerned. This rule should also be applicable to the orders placed by the Provincial Governments. If this policy is strictly followed in future, it will not be 76 or even 100 students who will be taken up but a much larger number of students will have to be thus provided, both in India and abroad, and who will be, my Committee are sure, ultimately taken up. There is no reason whatsoever why factories which are receiving valuable patronage from the Government of India should refuse admission to training up nationals of this country. If businessmen are once convinced that their business will grow only under a particular stipulation they will be willing to observe that stipulation. Such a policy has worked well in case of other countries and it will work well with regard to this country also. My Committee, therefore, respectfully urge that in all future contracts with firms working in the United Kingdom of any foreign country, or working in this country, a stipulation should be laid down that facilities should be provided for training of Indian students.

Letter No. 1332 dated 3rd February 1936 from Government of India to Chamber.

I am directed to refer to your letter No. 2401, dated the 30th September 1935, on the subject of the training facilities for Indian students in the United Kingdom, on the Continent and in India. Your Committee enquire:—

- (1) why some of the Indian students could not be provided by the High Commissioner for India, London, with facilities for practical training which they were seeking;

- (2) whether such facilities are provided only in factories in the United Kingdom or are also provided in factories in countries on the Continent.

Your Committee also suggest that

- (3) the Government of India should lay down that all contracts should contain a specific clause to the effect that facilities for practical training should be provided for Indian students and that this rule should also apply to the orders for stores placed by the Provincial Governments.

2. I am to explain that facilities for the practical training of Indian students in the United Kingdom or on the Continent are arranged by the technical officers of the India Stores Department, London, in collaboration with the Education Department of the High Commissioner for India. The High Commissioner has always given his close personal attention to this question, and despite the prevailing and long continued depression in trade and industry, the efforts of the officers concerned on behalf of a bona fide and properly qualified student have met with considerable success. He has, however, informed the Government of India that his efforts are somewhat hampered by requests received from time to time to arrange for practical training for persons who are not students, but who being already engaged in some branch of industry, merely seek further experience in order to improve and develop their business.

3. There have been cases in which it was not possible for the High Commissioner for India to secure the required facilities in the United Kingdom. But these have been few and were mainly due to one or the other of the following reasons:—

- (1) Unwillingness of the manufacturers to reveal secret or special processes to potential competitors.
- (2) Trade Union Regulations.

- (3) Lack of qualification on the part of the applicants to undergo the training which they desired.
- (4) Inability of the applicants to pay the premium usual in the various branches of the industry or their insistence on the payment of wages, during the period of training.

4. With regard to the second question raised by your Committee, I am to say that the number of applications received for training facilities on the Continent is small compared with the number of students who seek facilities in the United Kingdom, but every effort is made by the High Commissioner to place the applicants, whether State scholars or private students, who desire to obtain facilities in such countries as France, Germany, Switzerland, etc., and in fact several such students have been placed. The various difficulties in the way of obtaining practical training in the Continental countries are not, however, fully appreciated. To begin with, students placed on the Continent may first have to spend from three to six months in obtaining a reasonable knowledge of the foreign languages concerned, without which they will not be in a position to benefit fully from their proposed training. There also appears to be an impression that French and German firms, for instance, are prepared to offer facilities freely to Indian students. Experience has, however, shown that foreign firms are no more anxious than the firms in the United Kingdom, to offer training facilities, where secret formulae or special processes are involved, to Indians or any other students likely to be potential competitors. Indian students, who have received what appear to be good offers of practical training with German or other Continental firms, often find on arrival that the facilities are not as generous as they had anticipated and that access to that part of the works which would be most useful to them is not always obtainable.

5. With regard to the suggestions made by your Committee referred to at (3) above, I am to say that the policy

followed by the High Commissioner for India, in placing contracts for stores, is to give preference, *other things being equal*, to firms who are willing to provide training facilities for Indian students. This policy is also followed by the important purchasing Departments in India, viz., the Indian Stores, the Railway and the Defence Departments. The Government of India consider that the provision of such facilities by firms cannot be the sole or even the main consideration in placing of orders for stores. This would mean that in some cases substantial extra expense would be incurred to gain a small benefit for a few individuals, while in others there would be difficulty in placing a contract at all. In practice, a large number of firms offer training facilities irrespective of whether they have or have not actually or recently received contracts. In fact, in consequence of the big decrease in the extent of the contracts placed by the High Commissioner which has followed on the operation of the revised Stores Rules, the Director General of Stores, India Stores Department, London, when approaching firms on behalf of Indian students seeking training facilities, has often to rely on past goodwill rather than on any bargaining power.

6. So far as the Provincial Governments are concerned, I am to say that they have full powers in respect of the purchase of stores required by them, and the Government of India do not interfere in the matter.

Resolution moved by Mr. Sarabhai Prataprai at the Annual General Meeting of the Indian Merchants' Chamber on 31st January 1936 and passed by the same.

This Annual General Meeting of the Indian Merchants' Chamber RESOLVES that the Government of India, all the Government and Semi-Government bodies and Departments and Corporations be requested to have inserted in all their contracts and agreements for the supply of stores materials

or services with non-Indians supplying the said stores materials or services a clause to the effect that the said suppliers shall afford every facility to Indian apprentices for practical training in factories, workshops or offices so as to enable them to acquire full knowledge of the technique and work of their trade, industry, calling and profession. A copy of the said Resolution be forwarded to our representatives in the Legislatures for such action as would give effect to the Resolution. And also to other representatives of Commerce and Industry with a request that they be pleased to move similar resolutions in the Indian Legislative Assembly.

APPENDIX 119

Speeches at Quarterly General Meetings

*Speech of Mr. Manu Subedar, President, at the First
Quarterly General Meeting of the Chamber held
on 4th May 1935.*

Gentlemen,

I have great pleasure in placing before you the Report of the work done by your Committee during First Quarter ended 31st March 1935. In doing so, it is but proper that I should speak on some of the important problems which are exercising the minds of the Commercial community.

POLITICAL REFORMS

The progress of the India Bill in Parliament shows how Indian opinion of all sections has been ignored and how a new constitution, which, many informed people think, is even worse than the existing constitution is being foisted on India. The commercial community is directly interested in the provisions relating to finance and commerce, in the reserve powers and in the safeguards which, as you know, have been universally condemned and on which a clear statement of the commercial community's

views was made by me at the last meeting of the Federation of Indian Chambers of Commerce at Delhi. The hollowness of the claim that responsible government is being given to India is, however, proved by the attitude of Government in many small matters. As an illustration, I would mention to you how for the last eleven years this Chamber has urged over and over again the desirability of putting an Indian as Chairman of the Bombay Port Trust. The suggestion that no Indian is suitable for this place would be ridiculous, if it were not a deliberate libel on the whole community. The evasive replies given by the Government of Bombay for so many years and their studied silence to our last representation on this subject, would indicate that Government are negligent and altogether unmindful of the feelings and sentiments of Indians. The administration of the Port Trust has been extravagant and the financial difficulties of the Port Trust have contributed to the diversion of trade from Bombay. It is our belief that Indian aspirations in this direction could be satisfied with very good results all round, and it is a great pity that Lord Brabourne's Government is missing this chance of conciliating responsible business opinion in India on this subject. Is there any wonder that the oft-repeated homilies of the Governor on the advantages of the new reformed constitution fall on deaf ears?

A similar sacrifice of Indian interests in regard to Burma and a defiance of public opinion, which is unparalleled even in the annals of the Indian Government, have been disclosed in the Assembly, where a definite promise that members of the Assembly and Indians generally would be associated with an enquiry into the financial relations between India and Burma and the allocation of relative obligations, has been ignored. These are the pointers, which show which way the wind is blowing.

Government's claim that they are safeguarding Indian interests in India does not excite confidence because of

what they have failed to do abroad. Complaints have been received by our Chamber of ill-treatment and discrimination against Indians from many parts, such as Cochin-China, Java, Ceylon and Singapore. The position of Indians in South Africa and Kenya is also causing anxiety. In the matter of the acute problem of Zanzibar, Government have failed this country and themselves in so far as they have failed to carry out the recommendations of even their own trusted officer. Is it not tragic that, while they are complaining that the Indian question is so important in British politics today, Sir Samuel Hoare has had to put his tail between his two legs in the matter of Indians abroad? A single piece of good work in connection with Indians abroad, as in the case of Zanzibar, would have a more re-assuring effect about England's general attitude and her bona fides in regard to India, than all the appeals from the Secretary of State downwards made to Indians to trust Government and to work the new constitution.

INDIAN STORES DEPARTMENT

This Chamber can rightly claim that it was through its persistent fight, that the Indian Stores Department and the system of purchase in India by Rupee tender came into existence. A specialised purchasing department, possessing information of markets, is always an advantage to any government in the world, so long as such department is not corrupt, and we have not yet heard any breath of scandal in connection with the Indian Stores Department. If it is maintained at the same pitch of efficiency, which has been achieved under the present head, Sir James Pitkheatley, this Department would deserve full commendation and support of the public. In view, however, of the impending departure of Sir James Pitkheatley, the present head, whose indefatigable labour, sound common sense and technical knowledge have been helpful in building up this Department, the public might entertain apprehensions as to the future. In such matters, everything depends on the direction at the top, and it is to be

hoped that Government will take steps, which will ensure the continuance of the good work so far achieved.

The sections, which have not yet come as much in the purview of the Indian Stores Department, and therefore, of economical and sound purchase, are the Military and the Railways. It is notorious in the bazars of India that contracts in connection with both Military and Railways have been the basis of the foundation of many a fortune. From the point of view of the public it means that more money has been paid out than was necessary, if the matters had been handled competently and with the same scruples, which have come to be associated with the Indian Stores Department. Since the Military budget is an annual occasion for the demand of economy, it is only fair that Government must show that the greatest care is exercised in the outlay of the taxpayers' money. Similarly, in the case of Railways, though the situation is very much better than it was ten years ago, and some items recently been added to the list to be purchased through the Indian Stores Department, much remains to be done. So far as this Chamber is concerned, we should like the purchases of both these great departments to be correlated with, and done through the Indian Stores Department.

There is one section of popular representation, to which Government have not hitherto responded and, that is the request for the abolition of the Stores Department in London. Any government, which runs two parallel machineries for the same purpose, is not only spending more, but is creating an unhealthy rivalry. The Indian public are bound to consider that the London Stores Department is primarily interested in purchases being made abroad to swell their own figures, rather than any purchases being made in India. The whole gravamen of the public demand for the adoption of the rupee tender system was that, the purchase in the United Kingdom or elsewhere should stop. If the purchases were made in India, inspection and other details might still remain and, in our opinion the best

agent for effecting these ends is the Indian Stores Department. This Chamber would, therefore, ask the Government once again to consider whether the time has not come to abolish the Stores Department in London as semi-independent body and to entrust the Indian Stores Department with duties of inspection and the other necessary functions in connection with the large purchases of Government. This alone would lead to the satisfaction that no part of Government machinery was assiduously working to take away orders, which could be put in India, whether they were for locally manufactured goods or for goods manufactured abroad, where such goods were not available in the country. This would also end the anomaly of the dual control on the High Commissioner. Indeed, it seems to us quite unnecessary to bring in the High Commissioner in the matter of purchases. As a layman with many social and other duties, he could be hardly expected to have that minute supervision, which alone could keep this Department free from inefficiency or worse. We think the time has come for consultation, which would result both in economy and in an increase of efficiency and in genuine savings of the taxpayers' money in the outlay for the requirements of the State.

BRITISH PREFERENCE

The position of British preference in India enforced on us through the Ottawa Agreement is one which has favoured the British industries but has not secured any corresponding advantages to India, whatever the official apologists may say. This is the case not merely in India but in other parts of the Empire also. The following extract from the manifesto issued by the President of the Associated Chambers of Manufacturers of Australia is significant:

"the greatest obstacle in the way of extending favourable treatment to any other nations is the substantial preferential duties granted to British goods;

especially since the Ottawa Agreement became operative; ample evidence is available to show that these preferences are much more provocative and embarrassing to friendly foreign interests than the tariff protection given to Australia's domestic industries."

In the case of Australia, however, there was a favourable balance in her dealings with Great Britain to the extent of £51,000,000 in three years ending June 1934. In the case of India, during the same period, England took Rs. 24 crores worth of goods less than she sold to us.

Sir George Schuster has been repaying his obligations to this country by pointing out to the British public in what directions India could buy more British goods and he refers particularly to seven articles, viz., chemicals, cutlery, dyes, electrical goods, machinery, paper and motor vehicles. India increased her imports of these seven items from £12,500,000 per year before the war to £28,000,000 in 1933/34. How every new invention has caused a drain from this country is pointed out by his reference to motor cars, telephones, wireless apparatus, gramophones, cinema films, refrigerators and air-conditioning plants, in which, he thinks, India would develop new demands and offer a vast market. These pointers are an indication to the business community in India. For most of these industries India has the necessary raw materials and the organising capacity as well as the capital, if only the necessary enterprise was forthcoming.

In any other country in the world responsible Ministers would have shown sufficient anxiety to relieve unemployment and for increasing industrial production and Government would have instituted enquiries as to why these industries could not be established in the country, or would have caused leading firms to take interest in the matter so that the possibilities could be considered in a businesslike manner. Only in the case of the Motor industry the enterprise of one of our members, Sir

M. Visweswaraya, is leading to the necessary preliminary investigation.

-TARIFF CONFUSION IN INDIA

The ex-Finance Member then naively raises the issue as to whether it was worth while for India to have expanded her Textile industry engaging 180,000 people more and charging the consumer an extra price indicated by 25 to 50 per cent protection. Echoes of this were found recently in the statement expressed in the Legislature by Sir James Grigg, who seems to consider that protection is overdone in India and that the time has arrived for an alround reduction in the tariffs. We also desire a readjustment of the tariffs because the system has grown haphazardly without any programme or planning of any kind. We would like to see an organisation parallel to that which has built up in a short time the tariff system in the United Kingdom. I am referring to the Import Duties Advisory Committee, which recently completed three years' work and was appointed under the Import Duties Act, 1932. This Body has dealt with the entire tariff schedule of the United Kingdom and not like the Indian Tariff Board an isolated case or two. This Body has rendered valuable assistance to the Government of the United Kingdom in working out the effects of the different duties and other allied subjects, such as the question of the continuance of the Dye Stuffs' Act, and the Board of Trade has submitted to it for investigation difficult points in the provisions of the Ottawa Agreement relating to lead and zinc.

Have the Government of India availed themselves even of the Standing Finance Committee of the Legislature for this purpose? Have they invited the views from Chambers of Commerce and other industrial institutions? I am sorry to say that I have found more attention being paid by the Government of India to welfare of the industries of the United Kingdom and of the trade of that country in India than to that of the industries of this country, and her trade or the prosperity of the masses depending directly or

indirectly on industries and trade in India. If this sounds political, I would point out that our complaint is that in the matter of trade and industry, the Government of the country is run on too elementary and primitive lines by a rule of thumb, disposing of an issue when circumstances bring it forward without any co-relation to the general policy and without a firm and scientific handling of economic problems in their true perspective. The inability not only of many items of Indian manufacture but of several agricultural products in India, to withstand the competition from foreign imports without protection, raises serious issues, to which Government cannot continue to be indifferent for very long.

TRADE AND INDIAN STATES

The Government of India would have deserved the congratulations of the business community if the report that a settlement had been reached with the maritime States of Kathiawar, were correct and if Bhavnagar had been included therein. Such a settlement should see the removal of all customs barriers and the end of the efforts to divert and in some cases to misdirect the trade. If the Finance Member is really keen about his ideas on free trade, I would suggest to him the establishment of complete free trade on the continent of India, so that goods can move freely as and when they are wanted without the interposition of many and vexatious customs and other levies at the boundary lines between Indian States and British India. This ought to help in removing the depression of trade, through which this country is passing. As it is inevitable when the Federation comes, I would suggest that this economic union should be established at an earlier date in anticipation of a proper economic settlement with States. It is essential to secure some similarity of financial administration in the States and in British India, and as an inducement to the States to rely more on direct taxes than on indirect taxes, this measure should prove admirable. It would save an enormous leakage of British Indian revenue

directly or indirectly and would be a memorable financial reform.

WEALTH CONCENTRATION .

Sir George Schuster, in his address before the Royal Society of Arts, London, put forward the antithesis between the masses and the wealthy few, creating a bias against further industrialisation of India by expressing the apprehension that it would tend to concentrate wealth in the hands of fewer people. But this phenomenon of wealth in few hands is nothing new in the world. President Roosevelt has complained about it in his book pointing out how about two-thirds of the entire industry of the U.S.A. was controlled by about 150 families. The percentage of population who have any share or interest in the industrial concerns in the United Kingdom would certainly not be more than about five. Those who live in glass houses should not throw stones at us. It is no longer possible for them to pose as trustees of the masses and obstruct advancement of industry in this country on the ground that it would lead to the concentration of wealth in a few hands. The best method of avoiding that concentration would be for the State itself to organise industries of new type, so as to secure the benefits to the general taxpayer. In the matter of important industries India is in a peculiar position—most of them are controlled by non-Indians. Licenses are being freely given out to non-Indians for public utilities, such as tramways, telephones, electricity, gas, etc. The policy should be to enable industry to grow by appreciating the difficulties of those who are running them and to lay the hand on the increased returns by way of taxation which could be used for the benefit of the masses and the advancement of education and sanitation.

DISCRIMINATION AGAINST INDIAN GOODS .

From the plight of several industries in India at present it would appear that they are at a disadvantage vis-a-vis their more powerful foreign rivals. Prominent amongst

these must be mentioned the Shipping and Insurance Companies. But a subtle discrimination against Indian manufactures pervades the minds of all those who control British enterprises in India. I have seen a complaint recently in the "London Times" against the competition in the import trade in tools and agricultural implements from those made in India:

"A branch of the Tata Iron and Steel Company is obtaining an increasingly large share of the trade in hoes, axes, chisels, billhooks, pickaxes, hammer-heads, kodolies and mamooties, *except for those required by the British-managed concerns.....*"

This means that the British-managed concerns do not buy their requirements of tools and implements turned out either by the Indian blacksmith or from articles made on modern lines at Tatanagar. This certainly is a pointer, particularly for those key industries, in whose favour England claims to have given preference under the Ottawa Agreement. Is it possible that the Railways in India were making also this discrimination against the local products? We have pressed for the revision of the Rules for purchase of stores of Government Departments; but some of the Provincial Governments have not yet fallen in line. It is the duty of every patriotic Indian whenever he receives any information on this subject, whenever he finds foreign articles preferred to Indian articles, directly or indirectly, to pass it on to one of Indian Chambers of Commerce, so that it may be possible to ascertain how far there is a deliberate discrimination against Indian products at the hands of British-managed concerns in India, and whether anything could be done about it.

INCOME-TAX REFORM

It is disappointing that the Finance Member was not able to give any relief to taxation generally, and specifically in taxation on industries. There is one direction in which I like to recommend relief in taxation to Indian

industries during the next few years, and that is the exemption from tax of that portion of the profits of an industrial concern, which is not distributed but which is used specifically for replacement of obsolete plants. So rapid is the march of invention and so difficult is the position in India in competition with industry abroad, that this relief is urgently called for. Provision for depreciation which is exempted from Income-tax, assumes that the plant could be used for its full working life and ignores altogether that in certain cases substitution becomes imperative if the industry is to stand in competition. The provision in the Act in this matter is unsatisfactory and in practice the department has been known to raise many and insuperable difficulties.

I may say in connection with this that the idea of calling for British experts to overhaul the income-tax system of India could be only accepted by us on the basis that Indian businessmen would be associated with this enquiry. The disappointing result of an enquiry merely by foreign experts have been seen by us in connection with the Pope Enquiry on Railway Workshops. If the taxpayers' money is not to be wasted in this direction and best results are to be achieved, Indian commercial opinion would suggest the association of two or three competent Indians in the task, as was done in 1921, so that any measures put forward would be after a close consideration of the conditions in India, with which, as a rule, the foreign experts are not familiar.

IMPORTANCE OF COMMERCIAL ORGANISATION

I would like to impress on the business community in India the importance of organisation of Commerce like this Chamber. In Western countries such organisations are live bodies. Every firm that can afford the membership charges becomes a member and regards the same as an outlay and as a form of insurance. It is the business of such organisations then to study the problems that may be brought before them from time to time and take them

up with the public authorities. They are watching the progress of trade and safeguarding the interests of the mercantile community in a manner in which no individual can do for himself. The fact that many large firms in India and communities, who have shown great enterprise in business have not yet learnt the importance of organising themselves in Associations is the sign of India's backwardness in this matter. The danger against which I must, however, sound a warning is the organisation of sectional and communal bodies for the advancement of trade. The problems which merchants have today are alike and on all occasions the remedies are uniform and similar. It is to be realised that strength lies in union. It is possible that a few individuals may get prominence by organising separate or communal Chambers but let it be remembered that such a step would be a disservice to the country in general, whose part and parcel they are, and in whose prosperity alone lies their welfare.

*Speech of Mr. Rahimtulla M. Chinoy, Vice-President at
the First Quarterly General Meeting of the Chamber
held on 4th May 1935.*

Gentlemen,

The President has made, in his very able speech, a comprehensive survey of some of the most important problems before us. I need not, therefore, go into the same again, but would like to take this opportunity of referring to a few questions which equally affect the commercial community.

TOWN DUTY REFUND RULES

In the first place, I should like to refer to a question which has been hanging fire for the last four years and more, viz., the question of amending the Town Duty Refund Rules of the Bombay Municipality. As you are all aware, the Bompay Municipality made certain amendments in 1931

to these Rules. The more important of these related to Rule 13 empowering the Municipal Authorities to refuse claims for refund on the ground that the claim papers were not properly filled up or were deficient for some acts of commission or omission on the part of merchants. This particular amendment among others, has adversely affected the commercial community of the City. Your Committee had, without losing any time, requested their representative on the Corporation to move in the matter in order to have the Rules restored to their original form; but it is a matter of considerable regret that, in spite of the efforts of our representative on the Corporation and in spite of our repeated representations to the Authorities concerned, nothing seems to have been so far done in that regard. Let us hope that the Municipal Authorities would even now realise the urgent necessity of giving the much-needed relief to the commercial community of the City, by making satisfactory changes in the Town Duty Refund Rules without any further delay.

PROTECTION TO INDUSTRIES—GOVERNMENT'S ATTITUDE

Since Sir James Grigg assumed the reins of office as Finance Member, it is deplorable to note that an unwelcome and retrograde change has come over the policy of the Government of India, in regard to the question of protection to Indigenous industries, particularly *nascent*.

HEALDS AND REEDS INDUSTRY

I wish here to allude to the summary rejection by the Government of India of the recommendation of the Tariff Board, in regard to the Healds and Reeds Industry, for removal of tariff inequality and equalising the duties on raw as well as finished products, on the specious reasoning that such a recommendation raises the question of protection which was not a matter of reference to the Tariff Board. The Tariff Board had carefully and exhaustively gone into this reference and made their recommendation as

above. We are, therefore, painfully surprised at the attitude taken by the Government of India in not giving effect to the reasonable recommendation of the Tariff Board, which would have removed an unjust and avoidable hardship to the indigenous industry.

SILK INDUSTRY

Another instance of how the legitimate claims of Indian industries are ignored is afforded by the inaction of the Government of India on the representations made by the Silk Industry and supported by the Chambers of Commerce regarding the inadequacy of the protection accorded to the industry. It may well be pointed out that the protection accorded to the Indian Silk Industry has failed to achieve its objects and by the further falling off of prices the margin of protection has been substantially reduced. It is to be hoped that the Government of India will look into the matter and use the special powers given to the Governor-General under the Indian Tariff Act to revise the duty under certain conditions, so as to bring the same quantum of protection to the Silk Industry as was recommended by the Tariff Board, or at least that level of protection which was ultimately passed by the Legislature.

WOOLLEN INDUSTRY

The question of protection to the Indian Woollen Industry is under consideration of the Tariff Board at present, and your Committee have strongly recommended adequate measure of protection which would enable the industry to face foreign competition and consolidate its position. Our experience of short-term protection granted to various industries has shown that such protection fails to give that measure of confidence and impetus to industries which is so very essential for their full and proper development. Your Committee have, therefore, supported the claim of the Woollen Industry that the period of protection should be fixed at least for 12 to 15 years.

GLASS INDUSTRY

One more instance of how the Government of India are acting in regard to the claim for protection of Indian Industries is afforded by their sitting tight over the report of the Tariff Board, submitted long ago, in regard to the Glass Industry. Time and again, your Committee have urged on the Government the necessity of publishing this report and introducing the necessary Bill in the Legislature, affording adequate protection to the Glass Industry; but so far our appeals have fallen on deaf ears. Let us hope that Government will take immediate action in the matter.

In conclusion, I share the views, so ably expressed by our President that the Tariff system of the country requires a thorough overhauling and to be placed on a scientific basis with the main objective of affording adequate and abiding protection to our industries—large, medium-sized as well as small.

*Speech of Mr. Manu Subedar, President, at the Second
Quarterly General Meeting of the Chamber held
on 30th July 1935.*

TRADE RESTRICTIONS ABROAD

The steady growth of exchange restrictions everywhere has worried even the London Chamber of Commerce. Its Chairman, Sir Stephen Demetriadi, drew attention to this evil, but it has hit India in a peculiar manner. The doors of India are open to world trade in a manner in which they are not open in any country anywhere, and yet Indian goods and Indian exporters are being penalised everywhere. When the Committee of this Chamber drew the attention of the Commerce Secretary to this problem, they were informed that Government had been watching the situation and they had this problem well in their hands. The Hon'ble Mr. Stewart told us that he had come to Bombay especially for this problem. Several suggestions are in the

air for the Government of India to choose from but all of them involve interference with trade and action, for which Government must now show themselves ready. In many directions Indian interests have suffered through omission on the part of the Government of India. It would be a pity if, in this direction, Government failed to act before it was too late. One suggestion is that of an exchange pool, in which the exchange with various countries for imports from them would be collected by an official, who would then assign the exchange to exporters on the basis of their requirements and their standing in the export trade for a given period. A distribution of the exchange on this basis is calculated to yield fairer results than the haphazard conditions at present, in which Indian nationals suffer, while the nationals of European countries have the corresponding exchange through imports. The other suggestion discussed was for a system of licenses, both for import and for export, in issuing which the Government would have the opportunity of studying the tendencies of trade and the balance with each respective country and the extent of reciprocity offered to Indian trade and traders. It means that, instead of the export trade of this country being at the mercy of decisions taken by foreign Governments abroad, the regulation of the import trade would *ipso facto* give a bargaining power to India in order to secure mutual equitable adjustment. Another suggestion was that, the Government of India should assist the export trade of the country by agreeing to place orders for some of their requirements with those countries, which were capable of supplying them and which were also in need of Indian produce. The last suggestion cannot possibly find favour with the commercial community, because the remedy would be intermittent and it assumes that the door should be left wide open in India for imports from those countries while they are putting restrictions and, on the basis of restrictions, making a favourable bargain for Government requirements. I desire to draw attention to the equity of the matter, which expressed briefly, is that, India has been selling her produce abroad and, with the price realised,

paying for more British goods imported into India than that purchased by Britain. It was due to this factor that some of these countries have been obliged to place restrictions on India's exports to them. The preference to Britain, in spite of all official disclaimer, must be assumed to have something to do with the rigidity of the restrictions against Indian exports. It should be, therefore, fair not only for the Government of India, but for the Government of the United Kingdom, to secure just terms for Indian exports and imports.

I regard the restrictions against Indian exports in various countries, particularly in Germany and Italy as the direct outcome of the Ottawa Agreement and the policy underlined therein. It was an altogether unprovoked discrimination against goods of these countries entering India, and they were not slow to hit back. The form, which this attack has taken, has been to restrict exports from India to these countries by volume, and to permit them only under a license. The result has been that many Italian and German firms established in India, who were mere importers of machinery, chemicals and other things, have now begun to dabble in the export market and are tackling cotton, oil-seeds, spices and other items, with the result that Indian firms established in these trades for many years find their operations suddenly restricted. It is a pity that the only remedy for this situation has not been adopted by the Government of India. We would request them promptly to prohibit except under a license import or export to those countries, which have regulations against goods coming from India. It is only by means of such a license that the total quantities could be checked and also that the undue displacement of Indian nationals engaged in the trade could be avoided. A Government, that seems to be wide awake with regard to British goods coming to India and which moved heaven and earth against established Indian opinion has been hardly vigilant where Indian interests are concerned. So long as British trade is safe, they do not seem to care what happens to the rest. Even if anything comes off from the negotiations for trade treaties

with these countries undertaken by Government without non-official co-operation, the licensing system is absolutely essential to protect Indian interests. There have been cases where German goods have been landed in this country phenomenally cheap on account of Government subsidies and on account of the jugglery with the 'block' marks. The fact that, in spite of the Ottawa preferences, Germany can still undersell England in the Indian market in many directions, is significant. The licensing system suggested above would, therefore, protect not only the interests of Indian exporters, but may be useful also for advancing those British interests, wherever Government subsidy or exchange manipulation rendered the entry of goods from these countries at under competitive rates.

THE INDUSTRIAL POLICY OF THE GOVERNMENT OF INDIA

The Secretary of the Commerce Department informed the Committee of the Chamber that Government's policy in respect of industry was based on the recommendations of the Fiscal Commission of 1922 and was contained in a resolution of February 1923. Since then the Chambers of Commerce all over India, as well as non-official members of the Legislative Assembly of all parties, have complained that the policy was inadequate, and that it had not yielded satisfactory results. Even the Chairman of the Tariff Board, who retired in July 1930 estimated that the policy would have to be seriously revised in order to achieve the primary aim of all such policies, and yet the Government have not done anything in this direction. I want you to contrast the position in the United Kingdom. The Safeguarding of Industries Act of 1921 permitted the imposition of duties on several key industries, and the list has been successively widened. The Act permitted Government to levy a duty to the extent of one-third of the article, but, subsequently, heavier duties of 50 per cent and more have been imposed. The Committee recommended that the duty should be continued for a period of five years at least, if not ten, and the Government of the United Kingdom

accepted the period of ten years, for which these duties have been imposed from 1926. The duties have remained unchanged except that as late as 1934 some of them were increased by a further 50 per cent. In the House of Commons when the question of the consumers' interests in connection with these duties arose, it was stated by the Minister that it was generally true that these protected articles were sold at a price lower than that, which the consuming public had to pay in pre-war days. But the fundamental change in British policy since that date is further visible now in the appointment of a Committee by the Board of Trade to consider this issue as well as the issue of the inclusion of any articles not coming within the scope of duties at present. They are going to consider it not merely on economic grounds, but "in the interests of Imperial Defence". This is not the first Committee of its kind, as another one reported in 1925 and yet our Government in India is content to stick to the policy of 1923 in spite of world changes and cataclysms, in spite of serious obstacles to Indian trade everywhere, serious depletion of the purchasing power of the masses, and the many outstanding economic changes in the last twelve years! They are ignoring the fundamentals affecting the problem of the industrial growth of India and asking the public to believe, as can be seen from the speech of Sir Joseph Bore, Official Delegate to the International Labour Conference, that much is being achieved, because the Director of Industries in Bengal trained a few students for manufacturing brass utensils, or the Director of Industries in Bombay gave a few small loans for the improvement of the handloom industry! There is indeed much to be said for a specific periodical revision and a re-statement by Government of their economic policy. The public is put at present to the necessity of making inferences as to this policy from stray cases, as of Government resolutions on Tariff Board reports, or from the remarks of the Finance Member on the floor of the Legislative Assembly. It is not merely that the performance does not come upto the promise, but the promise is stale and worn out and no longer suited

to the requirements of modern India. At one time, Government, launching on a tremendous programme of expenditure, promised to have industries established in India for the specific requirements of the Railways. The woes of the waggon industry voiced by Sir Rajendranath Mookerji would prove how serious has been the failure of Government in this direction. In the light of all this, the threat of the Finance Member to revise revenue duties with a view to reduce them and thus to take away any incidental help, which a large number of miscellaneous trades in India have received, seems to be ominous. We would request the Government of India not to enter on any such wholesale revision without a careful study of the plight of industry and trade and of the welfare of the workers, who will be concerned. In any case we think the Finance Member's first task should be to prevent the leakage of British Indian revenue through Indian maritime States, not merely by a settlement of the amounts, to which some of these States would be entitled, but by a strict vigilance as to the administration in order to secure absolute uniformity of administration with the major Indian ports. After he has done this, I would urge on the Finance Member to secure the removal of all uneconomic barriers to internal trade of the country by the levy of internal customs duties on goods entering into and coming out of, Indian State territories. Let it be remembered that free trade, like charity, must begin at home. It would be ridiculous if it were not so tragic, for the Finance Member of India to talk of reducing duties all round at the moment when, in the United Kingdom, a Committee is sitting with a view to consider the increase of import duties all round, and when the "London Times" in reviewing progress says "...a very gratifying picture, which may, perhaps, have led some of those present to wish that the country had had the courage to adopt a tariff some years sooner than it did." It will be remembered that Government imposed the Ottawa Agreement on India in spite of the universal opposition in the country, and they did so by a reduction of duty on British goods, instead of, as was

suggested by this Chamber, by an increase of duty on non-British goods. This Chamber is of opinion that India is not ready for a further dose, either of free trade or of Imperial Preference, so long as there has not been a complete and thorough enquiry by a Committee composed of men, who would command confidence.

UNIFORM WEIGHTS AND MEASURES

This Chamber has supported the idea of uniform weights and measures throughout India by an All-India Act, as the present confusion always worked against the poor man. It is gratifying that the Government of Bombay have proceeded in this direction and have passed the Bombay Weights and Measures Act, 1932. The introduction of any such reform should be made with the greatest care so as to cause the least difficulty to the trade, while securing the object in view. The rules published by the Government of Bombay in this connection have elicited a lot of comment, much of which is justified, and many Associations affiliated to this Chamber were enabled to lead a deputation to the Minister, where these difficulties could be explained in detail. It is now hoped that the Government of Bombay will realise the importance of securing the fullest co-operation of the commercial community in a good measure of this kind and of modifying the various rules, as suggested by these Associations, until the necessity for further changes is proved by actual experience.

REPORT OF THE DELIMITATION COMMITTEE

The recommendations of the Delimitation Committee, as far as they are known, must evoke the strongest protest from the Indian commercial community of Bombay. I will not say anything with regard to the wisdom or necessity of giving one seat each in the Council to the special interests, such as the Bombay Millowners Association, the Ahmedabad Millowners Association, and the East India Cotton Association. But with regard to the remaining seats for commerce, viz., four seats, it seems iniquitous that three

of them should go to European interests represented by the Bombay Chamber and the Trades Association, and only one should be given to this Chamber, representing general interests of Indian business. And this is called the reformed constitution, about which we are expected to wax enthusiastic! I will not deal with the fundamental principle, whether non-Indian commerce should have any place at all in the Councils of India, though it is permissible to point out that there is no case known to me of non-nationals receiving representation in the legislature of a country. But, when such representation becomes disproportionate and overwhelming with reference to similar representation to the commerce of the country itself, it is impossible, if the community have any self-respect, to sit quite. I know we shall be told that the Bill has been passed and that it is a settled fact. But it is the lot of the public in this country in all matters to protest and to express how alien interests are always obtaining the lion's share of things. This Chamber, since its foundation, has done so on more than one occasion and I will do so once more in the name of the Indian commercial community. I would challenge anyone to deny that the interests of Indian commerce are collectively many times greater in volume and value than the interests of the two non-Indian bodies. But it appears that, as in the general constituency, weightage is given to European seats, undue weightage is also given to European commerce in regard to commercial seats. If this is the deliberate intention of Government, I have nothing to say. But, if this is an oversight, it is the duty of this Chamber, representing several commercial associations and representing Indian business, to register its condemnation and protest against such a proposal.

BANKING IN INDIA

We are entitled to expect that banking matters, which have been hitherto neglected by Government, will receive the attention, which they deserve, after the Reserve Bank of India has been established. The foundation, on which this central bank rests, is not sufficiently broadbased in so

far as they have only fifty banks on the scheduled list, consisting of the Imperial Bank, nineteen Exchange or foreign Banks, and twenty-nine Indian Joint Stock Banks. Of the twenty-nine Indian Joint Stock Banks, the really big ones are only half a dozen. The rest are small institutions. The Indian demand, that indigenous bankers and shroffs should be included in the schedule and given facilities, has not been conceded. It has been evaded with the usual British acumen by the obligation being put on the Reserve Bank Board to report as early as possible after its establishment the terms and conditions, on which they can be admitted. It is high time that the Directors of the Reserve Bank set about producing this report, the obligation for which has been laid on them by the legislature. We are also awaiting the establishment of an Indian bill market by the creation of rediscount facilities. How disappointing the present position is, will be found by the fact that, whereas the working capital of the scheduled banks is Rs. 207½ crores, the bills discounted stand at only Rs. 4 crores or about 2%. The English figure for bills discounted in relation to the total deposits of banks, namely £2,025 millions, stands at £292·8 millions or 14·6%. It is disappointing that the public demand for a Banking Act, recommended both by the majority and minority reports of the Central Banking Enquiry Committee, has not yet been taken in hand by Government. Such an Act is wanted in order to create healthy conditions, in which banks can prosper and in which *mala fide* promoters and weak institutions would be prevented from imposing on an unwary public. The absence of proper regulation must be held responsible for the weakness of Indian banks and for the fact that when so much capital is available for many other things, capital is not drawn into banking enterprise. The disclosures in connection with the difficulties of the People's Bank of Northern India and in connection with the difficulties of banking houses in Madras would have galvanised into action any national Government, but in India the supreme law is to let matters drift which results in leaving the field clear for the exploitation

of this country by foreign institutions. This act of omission on the part of Government is really deplorable and I trust that the Finance Member will distinguish himself by this achievement as early in his career as possible, and put up on the Statute Book a comprehensive Banking Act on lines indicated in the Banking Committee's Reports.

Another serious act of omission on the part of Government is to be found in Government not carrying out the recommendations contained in the Banking Committee's Reports, involving special institutions for the financing of agriculture and industry. Such institutions have worked successfully in other countries, and particularly in Japan the small scale manufacturer receives remarkable assistance from the Industrial Bank of Japan. Government's sympathy with agriculturists and their professions through Sir Joseph Bhore at Geneva, that they are doing much for Indian industry, appear to be unconvincing in the light of Government's omission for more than four years to pursue recommendations emanating from a committee chosen by themselves, a committee which correlated the results of numerous provincial committees and based its recommendations on as extensive a foundation of facts as is ever possible on any economic subject.

SILVER

Egged on by silver producing interests in the United States, President Roosevelt's Administration has threatened to raise the price of silver to \$1.20. The English price has gone up from 24*d.* to 33*d.* This suicidal policy has upset the economic life of China, destroyed the currency of Mexico and compelled the U.S.A. Government to make vast purchases of a metal, whose realisation value based on real demand in the world is very small, and whose present price is maintained entirely because of a world-wide speculation.

The first instinct of an Indian at a rise in the price of silver is to rejoice, as the enormous quantity of surplus

silver with Government; the vast amount in actual currency, and the unknown mass in private hands in India would appreciate. Just as a great fall in the value of silver was an adventitious blow to the wealth of Indians in this direction, the great rise is a fortuitous gain. But, the threat of a further rise creates practical problems that cannot be ignored. According to various estimates, if the price of silver reaches 51*d.* an ounce, the metal value of the rupee will be the same as the face value. The prospect of a further rise may lead to a demand for silver coin against notes. While the silver reserve in the Indian currency is more than adequate for all normal demands from all causes other than the rise of silver beyond the face value, any mass action for the conversion of notes would promptly lead to difficulties. The proper course for Government under such circumstances would be not to delay till the worst happens, but to have a programme ready to deal with an emergency. I would suggest to the Finance Member that publicity is more helpful in such cases than mystery and if the world at large knew the intentions of the Government of India and were told that they would act vigorously and promptly to ward off the evil effects of any attack on Indian currency by the unwise economic policy of the United States Government, in all probability the contingency may never be reached. To my mind the courses open to Government are many and their simultaneous use would prevent the disorganization of Indian currency, which at the moment is not actually threatened, but about which it is time for India to think. I hope it will be remembered by foreign interests that, taking silver in the hands of Government and in the currency and in private hands in India, India is still one of the largest holders of the white metal. Driven to any extremes, this enormous mass of silver can be dumped on the world market. A mere threat of this kind is likely to check the mad ardour of the silver interests in America. The dependence on actual metal coinage is much less today than what it was in the past, and the idea that anyone in the world and particularly India, would come

out as a purchaser of silver at \$1 an ounce, as was the case in 1919/20, must be finally abandoned. I cannot think for a moment that Government would permit the Indian exchange to rise on account of monkey business with silver prices in America; as it will not only bring disaster to the producer in India, both agricultural and industrial, but it will entirely upset the financial position of Government both in Provinces and at the Centre. The visit of the Finance Member to the Printing Press of Nasik is, to my mind, significant, and public bodies, who denounced the one-rupee note for reasons of inconvenience to the poor man at one time, would certainly support Government in any action, which they take to replace in an emergency an over-valued coin by paper, behind which will be the credit of the whole country, or ultimately if necessary, by a new coin with a smaller silver content. I, however, trust that heroic measures will not be wanted and that good sense will prevail in U.S.A. before it is too late, if only the Government of India put up a strong front and take a firm action.

Without serious consequences on the dollar, which, in the present disorganised condition, the United States cannot afford, it should be possible for the Government of India by negotiations to see that the price of silver does not exceed a certain point. It should have been possible ere now, if Government had acted wisely, to make representation to the United States Government and to withdraw from the Silver Agreement made in 1933 because the spirit of it has been broken by the United States themselves.

The high price of silver has not induced Eastern demand, i.e., demand from China and India which has fallen off since 1929. On the contrary, it has induced a traffic in silver outward from these countries. It has virtually destroyed the basis of the Agreement that was reached, as the object of the Agreement, viz., to raise silver prices, has been already achieved by unilateral action by one of the Governments who were parties to this

Agreement. Persistence by the United States in their Silver Policy which is likely to raise a problem for India, will secure the doom of silver as a precious metal, by forcing sales of silver held in the East to America and by compelling nations, who had not hitherto abandoned silver, to do so finally and once for all. The high price must lead necessarily to a heavy increase in silver production, while, at the same time, it will destroy what has been the normal demand for silver from the East for so many decades. It is, therefore, difficult to imagine the advantage that would accrue from a policy, which is said to be conceived more in the interests of the silver producers themselves, and hence critics outside the United States must, as they everywhere have, pronounce this as a mad adventure likely to do no good to anybody.

Speech of Mr. Rahimtulla M. Chinoy, Vice-President, at the Second Quarterly General Meeting of the Chamber held on 30th July 1935.

Gentlemen,

As is usual with the President, he has dealt in his speech comprehensively with the various important subjects which are exercising the mind of the Indian commercial community at present, and there is hardly anything of importance left on which I can address you today. I wish, however, to dwell upon a few questions which deserve our consideration.

GAMBLING IN THE CITY AND IN THE PRESIDENCY

I am glad to note that the Bombay Legislative Council have realised at long last the extent to which the evil of gambling in American Futures and Sutta Khel has crept into the City of Bombay and also in the mofussil. It is notorious that this evil has been ruining the lives of the middle class and the poor people of the City of Bombay

and many parts of the Presidency, and the craze has assumed such terrific proportions recently that something prompt and effective has got to be done to check this evil.

Leaders of public opinion have expressed their horror at the spread of this evil in the City and the mofussil and urged the necessity of eradicating the evil which is eating into the very vitals of the middle class and poor people.

The resolution, therefore, moved by Mr. A. N. Surve and passed by the Bombay Legislative Council is very opportune. The Official Spokesmen of the Government of Bombay, it is gratifying to note, have expressed their sympathies with the laudable object of Mr. Surve's resolution, namely to check this evil and have expressed their willingness to devise suitable ways and means to combat it. I have no desire at this stage to go into details of the possible ways and means by which this evil can be eradicated from the City and the mofussil. It is possible that there may be differences of opinion as regards the best possible means to achieve the end in view. All I wish to emphasise here is the urgent necessity of taking effective steps by Government and the Commercial Associations concerned and by the public to eradicate this evil from the economic and social life of the Presidency.

AMENDMENT TO THE BOMBAY PREVENTION OF ADULTERATION ACT, 1925

I am glad to note that the Bill introduced by the Government of Bombay to amend the Bombay Prevention of Adulteration Act, 1925, has passed through all the readings in the session of the Bombay Legislative Council which has just now ended. As you are aware, your Committee have taken a keen interest in this question and had submitted from time to time, constructive suggestions to Government to check the evil of increasing adulteration of butter and ghee and other edible articles. Now that the necessary amending Act has been passed by the Bombay

Legislative Council in this direction, we trust that this evil of adulteration of butter and ghee and other edible articles will be effectively checked. At the same time we also trust that the various provisions of the new Act will be put into operation in such a way that they may not unduly harass the *bona fide* and honest merchants.

ADULTERATION OF DRUGS

In this connection I would like to take an opportunity of referring to an allied subject, viz., the necessity of checking adulteration of Drugs also.

The representative of the Bombay Chamber of Commerce had raised this question in the Bombay Legislative Council, when the question of amendment of the Bombay Prevention of Adulteration Act of 1925 was being considered and had suggested that the question of adulteration of drugs should also be brought within the purview of the amending Bill. The Spokesmen of the Government of Bombay pointed out various difficulties in that regard. One can appreciate the difficulties pointed out by the Government of Bombay, but it is high time now that the Government of Bombay should acquaint the Government of India with the strong feelings entertained by the commercial community, both European and Indian, about the urgent necessity of giving effect to the recommendations of the Drugs Enquiry Committee by enacting an All-India Legislation to prevent adulteration of Drugs.

It is deplorable that the Government of India have sat tight over the recommendations of the Drugs Enquiry Committee for nearly four years. It is hoped that the Government of India will, without any delay, introduce the necessary Bill in the Legislative Assembly giving effect to the recommendations of the Drugs Enquiry Committee.

*Speech of Mr. Manu Subedar, President, at the Third
Quarterly General Meeting of the Chamber held on
1st November 1935.*

The Indian commercial community must condemn the wanton aggression of Italy against Abyssinia. If the White nations will not moderate their greed for other people's land and if they still have the ambition to see their armies march victoriously against coloured people, whether there is any provocation or not, I think for certain that nemesis must overtake them in the form of internecine civil war and commotion. There are people, who argue that the moral law does not apply to nations, and many have got away with acts of unjustified aggression and piratical expeditions. I think in the long run it would be found that the price paid is not worth it. We are glad that the League of Nations, whose impotence had become a tragic byword, is exerting itself under the leadership of Britain to apply sanctions against Italy. And we hope that effective action on their part will make war as a method of settling international differences obsolete and uncalled for.

The war clouds have gathered in the world through the aggression of Italy and, in spite of assurances, I have apprehensions that the British Empire will be involved in this war, because, however careful our side may be, an accident can occur at any time by action of the other side. The League of Nations is being put to the test. If it is unsuccessful on this occasion, it may be assumed that, in spite of peace on the surface, war will be latent with all its destructive possibilities for civilization, even if an open conflict is avoided for the time being. Our sympathies go to the Abyssinians, who are defending their liberty against an aggression on the ground of race and colour on the part of Italy.

INDIANS ABROAD

We trust that our countrymen in Abyssinia will receive the same degree of attention and protection expected by

Britons from their Government. I mention this, because, in times of peace, Indians abroad have not received the same protection. We have all seen the failure of the Government of India to secure justice in the case of Indians in Zanzibar. In a more flagrant case of the legal and constitutional disability about the ownership of property, which is sought to be imposed on Indians in Kenya, we have not heard the final outcome, though, we are told, as usual that the Government of India are making earnest attempts and that the matter is receiving serious consideration. As President of the Chamber, I have received complaints from Indian firms exporting cotton to Japan and Indian firms, having offices both in India and in Japan, importing cotton cloth from Japan. The tendency to concentrate all business in the hands of large Japanese corporations backed by the State and holding a virtual monopoly, is resulting in cutting out Indian firms from well-established trade. It is also a pity that the Government of India, in spite of the explicit promise, both of the Commerce Secretary and the Commerce Member, have not yet appointed a capable Indian having the confidence of the commercial community as Trade Commissioner in Japan. Indian exporters to Ceylon are experiencing all kinds of difficulties, and Indian producers in the South are being ruined by dumping from Ceylon.

TRADE WITH EUROPEAN COUNTRIES

Another chapter of the grievances of Indian trade has been in connection with trade with European countries. I still maintain that the origin and growth of the restrictions against trade with India by some of these countries lie in the Ottawa Preference, which must appear to European countries, trying with great difficulty to maintain the gold standard, as an additional and deliberate blow to their trading activity. What with quotas, licenses, reciprocal trade agreements, exchange clearing arrangements, and numerous forms of restrictions, India's export trade to Continental countries is not only being reduced in volume, but, on account of the German barter system,

coupled with export subsidies, it is definitely being transferred to non-Indian hands. As soon as these conditions became apparent, this Chamber brought them to the notice of the Government of India and asked them what they were doing and suggested for their consideration a system of licensing of trade with certain countries so as to place in the hands of the Government of India a weapon to be used to maintain, if and when necessary, the total volume of trade as well as to prevent the deflection of well-established trade from Indian hands. To repeated reminders on this subject, we have received the usual official solatium that the matter is receiving earnest consideration at the hands of Government, which may mean much, or which may, our past experience teaches us, mean nothing. With the stout example of the magnificent work, which the Treasury and the Board of Trade are doing for the commercial community of the United Kingdom, the failure of the Government of India to safeguard and advance the interests of the Indian commercial community is, to say the least, disappointing.

FREE TRADE FINANCE MEMBER

As your spokesman, I placed the views of this Chamber on the general financial and economic policy of Government before the Hon'ble Sir James Grigg, Finance Member for the Government of India, when he visited this Chamber and met your Committee in August last. We are grateful for the assurances, which were conveyed by him to us on that occasion on certain matters, but in some other issues it would be necessary for enlightened business opinion all over the country to exert itself not merely to convert the Finance Member to our views, but to prevent him carrying out retrograde measures.

In reply to our plea for a revision of the tariff system on a scientific basis and for improvement in the machinery, by which tariffs could be altered and protection could be granted to industries after proper investigation, without the delays at present occurring, the Finance Member said he was the servant of India and that

"9/10ths of the people (of India) are agriculturists." Within a few months of his arrival in India, the Finance Member had made up his mind that protection had already been overdone in this country and if revenue considerations did not prevent him, he would like to reduce the level of tariffs all round.

The antithesis between agricultural and industrial interests is nothing new, and it exists in every country in the world, and governments have to find a balance. But it is against the welfare of India to inflame and magnify the divergence between urban and rural interests. Only a foreign bureaucrat could use this theme to stifle the industrial progress of the country. Industry is wanted to stop the drain from India, to increase diversity of occupation and to correct the weakness of India's economic life.

I maintain that the greatest friend of agriculture in this country is the industry of the country. Taking cotton, for example, the Indian industry consumes about 50 per cent of the total produce. The wages paid out by industry constitute the purchasing power of the masses of cities, who buy agricultural produce. Even the produce of agriculture itself could not be cleaned, packed, baled, transported and sold without the intervention of commerce, transport, insurance, banking and many other trades, which are ancillary, but the mention of which is anathema to some Government officials. The rural community has been known to receive substantial contributions even from the wages paid to the industrial workers.

The Finance Member openly declared that he regarded as stupid the measures, which were being taken for bolstering up agriculture in the United Kingdom. The industry of India is backward compared to industry in other countries, but it is an essential part of the nation's activity and it is necessary to support it till it is strong, at least to the same extent, to which agriculture is supported in the United Kingdom. I would request Sir James Grigg to deliver his homilies by post or broadcast in the United Kingdom, and

• to make an attempt to realise the Indian outlook on this question.

I want to bring to the notice of the agriculturists to what plight, Government's policy of "let alone" and omission has brought them. Agricultural products, like rice, wheat, sugar, fruits, and cocoanuts are clamouring for protection. It is not that the price is low. Prices have dipped even below the cost of production in many cases, and this Government, in spite of the addition of Sir James Grigg to the galaxy of official talents, has so far failed to take any large measures to correct prices in India. And when this thing is pointed out to them from the Chamber, they turn round and accuse us of trying to advance industry at the expense of agriculture.

I regret to point out that by a close control of official machinery for information, Government are trying to make people forget their omissions, and the adverse effect of their policy on India's economic life. But even in this so-called backward country and amongst its backward people, the voice of hunger travels faster than the radio, and the economic distress arising out of the business depression in India, out of heavy taxation and a perverse policy in currency and exchange, which is responsible mainly for low prices, is beginning to tell. The first great blow of the nemesis is the fall in the earnings of the railways, which reflect a low general condition of trade and economic life. The solution of the railway problem is not the raising of rates, which, I understand, authorities in Simla are contemplating, regardless of its many evil effects on trade and industry. The commercial community likes to point this out, not in a spirit of triumph that they were correct, where Government erred. With all respect, they would invite the attention of Government to the phenomena and their willingness to co-operate in any active measures that may be devised to put these things right. Even though it may not be realised in the constitution that has been given to us, we remember that this is our country and that our interests, though handled by others

at present, are jeopardised. This feeling makes us seek not political capital out of this situation, as the Finance Member in his shortsightedness implied, but seek a real change of heart on the part of Government, so that something may be done. We feel that the manner of looking at the grievances of commerce and the supplications of industry in this country, is false and antiquated. The machinery for getting anything done in these directions is clumsy, and involves minimum contact with the commercial community.

We asked the Finance Member for a reduction of taxation and particularly reminded him of the promise of the Government of India for the removal of the surcharges. His reply was guarded, but left a hope that he would act in this direction, if he could. We think that the time has arrived for another great effort at retrenchment in all Government finances, both central and provincial. Unless Government exert themselves in this direction, it would become more and more difficult for the public to get reconciled to the heavy taxation, which now exists. Much less could they support any new taxation in any form.

In the matter of railways, currency policy, taxation and tariffs, we have advocated a policy of careful planning in substitution of the present policy of drift. But, as soon as you talk of a plan, Sir James Grigg thinks of Russia and accuses us of importing Russian ideas. I want to make it quite clear to Government that India's commerce wants constructive activity on behalf of Government, not merely in the regulation of trade, but in many other directions, on a par with the activity and assistance which is rendered to trade by Government in the United Kingdom. It is only after Government of India have done all that is being done in the United Kingdom, that they can turn round and cry halt. I maintain that not a tenth of the attention, which is paid to trade and industry in the United Kingdom, is paid by the Government of India in this country, and the specious logic, bluff and patronising commonplaces given out by officials in dealing with requests of trade, will not exonerate them from their sins of

omission, when the history of these times comes to be written.

ENQUIRY COMMITTEES

I want to refer to the neglect of public opinion by the Finance Member since his arrival with reference to the Income-tax Enquiry and the Financial Relations Enquiry. Foreign experts are coming and no Indian is wanted. We have no use for clever men coming from abroad on these enquiries and using their cleverness against the interests of this country, while they are deriving fat emoluments from the Indian taxpayer. I had personal experience of the attitude of the so-called banking 'experts', who were associated with the Central Banking Enquiry Committee. We have subsequently seen the miserable failure of the mission of Sir Walter Layton, Sir Arthur Salter, Dr. Bowley and Mr. Robertson. We are equally distrustful of the new ventures initiated by the Finance Member in appointing the income-tax experts and in appointing the so-called committee of one man in the person of Sir Otto Niemeyer. Because a representative Committee in India cannot be constituted except with an indefinite number, therefore, all Indians of every shade should be excluded. That is the official logic. On this basis it is quite clear that no committee in future could be constituted in India at all and that every time we want an investigation of an important problem, the result of which would enable the legislature to come to the right decision, it would be necessary to import a foreign expert and to hand over to him the task of determining things. This is the species of self-government, which is being given to India. This is an advance taste of it, which we are having.

MENACE TO BOMBAY'S TRADE

With regard to the dual evil of the diversion of trade from Bombay and the harm to Government interests in customs revenue, railways, etc., created by sedulous fostering on uneconomic lines of trade at Indian States' ports in Kathiawar, we are indebted to Sir James Grigg for his

assurance to find "a solution of this problem, which will reconcile the treaty rights of the States concerned, the revenue interests of the Government of India and the commercial interests of British India in general and particularly of Bombay." In the meanwhile information has reached us that the Baroda Darbar are trying to induce the Government of India to permit them to land goods at Navsari and Billimora, allowing them to bring such goods into British India without payment of duty. I consider Baroda as an inland State for all purposes except with reference to their Kathiawar territory, and I fear that any settlement on these lines, of allowing fresh maritime rights to a State, which, I am told, has definitely surrendered them by a treaty, will cause a bad precedent and example and will cause no end of trouble to the interests of Government in the matter of customs duty, to the interests of the railways built at the expense of the taxpayer, and to such public bodies as the Bombay Port Trust and the Bombay Municipality. It looks certainly as if there is a serious menace to the trade of Bombay, much more serious than that which has been offered by the ports of Kathiawar. I trust that the Government of India will not take any final decision without ascertaining the opinion of Bombay's businessmen and other important interests concerned through the Government of Bombay.

I cannot help contrasting with the reported complaisance of Government in the matter of Baroda, their unduly circumlocutory, costly and wasteful methods in the matter of Kutch. We are told that Government have purchased the customs rights of several internal States surrounding Kutch, and they have turned their preventive salt line into a customs collecting line. The commercial community will appreciate very much Government's anxiety to stop smuggling through Kutch. But I feel that a better method would be to open negotiations with Kutch, inducing them to adopt the British Indian scale of tariffs and getting their fullest co-operation against leakages, which are at present hurting both Government's revenue and bona fide

trade. Land frontiers are always unsatisfactory, and six or seven customs stations over a land frontier running into about three hundred miles from Kharaghoda to Karachi of desert track, will hardly be effective. It does not give a lasting and permanent solution and it would be a bad heritage for Government of India to give to the Federal Government in due course.

REFORM OF THE STOCK EXCHANGE

Since January 1935, there have been three occasions of serious interference with normal business in the shares and security market, to describe which the word 'crisis' has been used. But, what occurs with such frequency must be regarded as normal and if the constitution, which confers large powers on the Board, is unable to stand the strain, a case is made out for its modification. The balanced working of the market is disturbed by extreme action of one side or the other. Obviously, the operations are extensive not merely from speculators outside, but also from members and sub-members of the Stock Exchange. Whether such disturbance of the normal course of trading is beneficial to the brokers themselves, I do not know, but it is distinctly harmful to the investing public. The idea that, frequently, for many days at a time, scrips could not be sold or bought, and the idea that the bona fide purchaser or seller in the forward market should find himself handicapped through the sins of others, is intolerable and the situation calls for radical reform. I think it is high time that an enquiry into the working of the Stock Exchange, so far as it relates to such crisis, was set up. No remedies could be rolled off the tip of the tongue and I shall not, therefore, attempt to suggest them, but in order that the public may, in anticipation of such an enquiry, begin to think on the subject, I would put forward some ideas—drastic as they may appear, but calculated to minimise the evils complained of. I think the work of the broker and the jobber should be separated and every member of the Stock Exchange should have the choice, which he

should exercise. Those, who declare themselves as brokers, should undertake never to do any business on their own account. If it is shown that the abuse of forward market will continue to occur, no matter what is done, it may be provided that every transaction involving a sale should be accompanied by the distinctive numbers of the shares that are sold. The abuses connected with the work of the sub-brokers should be eliminated by defining and enforcing responsibility of the broker towards the client in all cases. In fact there should be a different designation and different relation for all those who are partners or agents of the members of the Stock Exchange. It would be an extremely salutary rule if it were laid down that no business should be done in the forward market by any member of the Stock Exchange with any member of the public except on payment of certain margins, and there will be found those who will support the suggestion that all transactions in the forward market should be reported at the end of the day by each broker and that the members must make certain deposits with the Board of the Stock Exchange. On the Board of the Stock Exchange there should be twelve Directors, four representing the brokers, four representing the jobbers, and four representing the general public, two being nominated by Government and two representing Chambers of Commerce. The independent Directors, who will not be members of the Stock Exchange, should give an undertaking not to operate on the Stock Exchange. The settlement should be every fortnight and not every month.

As I said before, I do not wish to argue the merits and demerits of the remedies suggested. The suggestions find their counterpart in the constitutions of stock exchanges, which are working in important financial centres in the world. This is not by any means the last word on the subject. Nor is the list exhaustive, but it is put forward in the earnest hope that difficulties of all sections, including the brokers and members of the Stock Exchange, may be really brought out and understood and ultimately,

we should have such constitution and such working of the Stock Exchange in Bombay as to eliminate these much too frequent periodical 'crises', and to restore to the city its fair name and good reputation for businesslike management of affairs, which happenings on the Stock Exchange during this year have tended to diminish.

*Speech of Mr. Rahimtulla M. Chinoy, Vice-President,
at the Third Quarterly General Meeting of the
Chamber held on 1st November 1935.*

Mr. President and Gentlemen,

It is a curious phenomenon of modern times, that while, what I may call, subject nations and smaller nations are expected to play the high Christian role of having no discrimination against foreigners and non-nationals, the bigger nations, who apparently pay a lip homage to this doctrine, probably consider themselves free from all such restrictions in practice and carry out all the discrimination possible in the world in their national laws and regulations. We have recently had the experience of the Government of India Act, which has laid down the policy of no discrimination, as also the principle of the so-called reciprocity. It has now become a statute passed by both the Houses of Parliament, and looking to the fact that it has become a settled fact, it would be a sheer waste of time to criticise these discriminatory regulations *de novo*, especially when we have criticised them so often in the past. What I want, however, to emphasise is a recent resolution passed at the Eighth Biennial Congress of the International Chamber of Commerce held in Paris last June, which concerned itself with the "STATUS OF FOREIGN ESTABLISHMENTS". The principal clauses of this resolution were:

- I. Joint Stock Companies and other commercial, industrial or financial undertakings, duly constituted in accordance with the law of one of the Contracting

States, shall be recognised by the other States as regularly existing.

2. Undertakings of the Contracting State shall be entitled to establish themselves in the form of branch offices or agencies in the other Contracting State and carry out all commercial and industrial activity therein on the conditions fixed by the laws in force in the other State and which are applicable to similar enterprises of its nationality. A fortiori, if an undertaking of one Contracting State creates a subsidiary company under the law of the other Contracting State, such subsidiary company shall be treated in all respects as a company of the latter Contracting State.
3. There shall be no legal restriction of shareholders, nor shall any obstacle be placed in the way of the free movement of capital or its investment in the enterprises of its choice.
4. There shall be no discrimination against founders, directors and managers on the grounds of nationality. The technical and administrative staff shall not be subject to restrictions other than those in force for national enterprises.

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There are two other clauses relating to buildings, mines, etc., but I shall not trouble you with recounting them. The Indian Delegation, led by Mr. Walchand Hirachand, voted against this resolution, and quite rightly too. India, as we have been pointing out time after time, is not yet placed in such a position as to have all these international rules and regulations carried out, especially when these rules and regulations are not carried out by the bigger States themselves. I do not deprecate holding aloft before us the high ideals of Internationalism; but unless a country had definitely reached a state of full and complete self-government and has the means and the power with which,

to keep intact this self-government, it is no use indulging in high platitudes, which merely mean that the country tamely sells away its birthright for a mess of pottage.

On somewhat similar lines is based the proposal about which we have been hearing so often these days, that the economic exploitation of different undeveloped countries of the world should be carefully considered and planned by the different nations who form the League of Nations. This proposal, which seems so innocent on the face of it, appears to me to be somewhat sinister, specially in this country, situated as we are. It is true that this is merely putting in black and white what has so long been the policy of the powerful nations of the world, whether of the West or the East, viz., that they are justified in exploiting or attempting to exploit any regions for the sake of their own economic advantage. Upto this time, however, such a policy remained as the policy of individual nations. If it is going to be translated into an international policy, laid down by the League of Nations, Heaven help us and the other weaker nations! We have seen the case of this in how Italy, a founder-member of the League, has been acting like a veritable international brigand and attempting to capture Abyssinia and bringing it under its control by ruthless means and in spite of the protest lodged by the League of Nations. I am surprised that even pacifists and supporters of smaller nations, like Mr. Lansbury, are speaking and writing in favour of this new theory of all the nations sitting down together to consider how best to develop economically the unreclaimed areas. At least this is how they put it. We, who have got a better experience in these matters, will not put it that way. We would say that it is exploitation by all the big nations combined of the regions belonging to the poorer and smaller nations, who have not got the wherewithal to stop the bigger nations from acting in this wise. I fear from the combined utterances of all these people, including Sir Samuel Hoare, that the question may crop up at any time before the League of Nations, and I hope that the representatives of India, whoever they may be, and all our public

institutions will be alive to the real significance of the question when it does come, and will oppose it most strongly not only in the interests of India but also in the interests of other countries of the world like China and Africa.

PROTECTION AND SMALL INDUSTRIES

The refusal by the Tariff Board of any protection for the Shuttle Industry has not come, perhaps, as a surprise to the commercial community which has been watching the record trend of the economic policy at the Headquarters. The Shuttle industry is one of those small industries which have recently been started in response to a demand for industries supplying the requirements of bigger industries like the cotton textile industry. India has been able to develop three or four big industries, but unfortunately, as in other matters, here also we have erred in this that we have got a top-heavy system. While we have developed three or four big industries, we have failed to develop their subsidiary industries, with the result that even these big industries suffer in consequence. Take, for example, the Millstores. This Chamber organised an Exhibition of Millstores three years back, when it was seen how small industries had been springing up aspiring to supply millstores required by the cotton textile industry. These stores are imported to the tune of nearly five crores of rupees annually from outside and the Indian textile industry has to remain dependent for its fortunes to some extent on the caprices of foreign manufacturers of millstores. We require machinery industry and also industries manufacturing different kinds of millstores. It will take time to have machinery industry, but the smaller industries have sprung up to supply the millstores. Unfortunately, they are not receiving the help they should from Government. Early this year, the Healds and Reeds and the Glass industries were refused protection which they deserved and without which their future is uncertain if not dark. Now the Tariff Board's report regarding the Shuttle industry is out

and the Tariff Board themselves have rejected the application of this industry, and recommended, in the historic phrase of the Earl of Oxford, "to wait and see." It is apprehended that a new orientation of the economic policy of Government is now in vogue. The President of this Chamber in his speech at the interview of your Committee with the Hon'ble the Finance Member observed that the suspicion that Government did not desire the fostering and growth of industries like Transport, Banking, Insurance, etc., would only be allayed when Government declared such growth to be their primary objective. The Hon'ble the Finance Member said that there was no ground for such a suspicion, but looking to the fate of the applications of small industries for protection and also the trend of other economic events, we cannot be accused of being too suspicious, if we are apprehensive regarding the future of our industries.

SHIPPING

I shall now refer to one or two questions which have been agitating the world of shipping during recent months. Rationalisation of shipping occupied an important place in the deliberations of the recent Congress of the International Chamber of Commerce held at Paris. This scheme requires every Maritime country irrespective of the position and growth of its National shipping to lay up or scrap a certain portion of its tonnage so that the tonnage of the world may be sufficient to meet all the requirements of trade. This was what was meant when Lord Essendon remarked that rationalisation meant "rational organisation of an industry, by adjusting supply to demand in such a way as to prevent the forcing down of prices to an uneconomic level." The scheme, however, ignores important fundamental considerations. It does not recognise the important fact that some of the important maritime countries which have got hardly any Merchant Marine of their own rightly desire to build up their own national shipping. It would be grossly unfair to expect such countries with inadequate national shipping to submit to any

such restrictions. No scheme, therefore, which does not recognise the legitimate claims of such maritime countries for an adequate share of national shipping in their trade and which is not based on the equitable redistribution of the existing world tonnage shall ever meet with general acceptance for the rationalisation of the tonnage of the world. So far as India is concerned, she carries less than 1/5th of her Coastal trade and has no position whatsoever in her Overseas trade. It will be suicidal for India, therefore, to be a party to any such scheme of rationalisation. I may add that Indian shipping has come to be recognised and rightly so as entirely different from British shipping as the two have entirely different and not infrequently even opposing interests. India's claim for the development of national shipping will have to be recognised if any scheme of rationalisation is to reorganise the shipping industry of the world.

"DUFFERIN" CADETS

Another subject which has been causing anxiety is unemployment which is staring in the face of many of the Cadets of the training ship "Dufferin" who have secured their Certificates of Competency. I understand that nearly ten such cadets are already out of employment and with the twenty or twenty-five getting their Certificates of Competency next year their number will go over thirty.

An arrangement was arrived at during the regime of Lord Irwin and through his intervention, that Companies like the P. & O. and the B. I. S. N. would also take up for employment as officers Cadets from the "Dufferin." I am afraid, this arrangement is not being worked satisfactorily, and I trust that both these companies, which have got large interests in this country and which are enjoying large patronage both of the people and Government, will not fail in observing the understanding regarding the employment of Cadets from the "Dufferin." Unless the Cadets get a fair and reasonable chance of employment, I am afraid not only will the fundamental object, for which

the Training Ship was started, be defeated but an Indian personnel for the future Indian Mercantile Marine will never come into existence.

Despite all the difficulties that Indian shipping has been facing all these years past, I rejoice to learn that enterprising Indians have invested their money in passenger trade on the West Coast of India and their passenger steamers will shortly be running in that trade. It is such efforts on the part of our enterprising countrymen which will help Indian shipping in its onward march and I have no doubt that they will bear in mind that the real aim of Indian shipping is to see that shipping is owned, controlled and manned both on sea as well as on shore by the nationals of the country.

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